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HANDBOOK

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on MAJOR REGIONAL FARM SUPPLY COOPERATIVES 1954 and 1955



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GENERAL REPORT 25
SEPTEMBER 1956

FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE

FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, financing, merchandising, product quality, costs, efficiency, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

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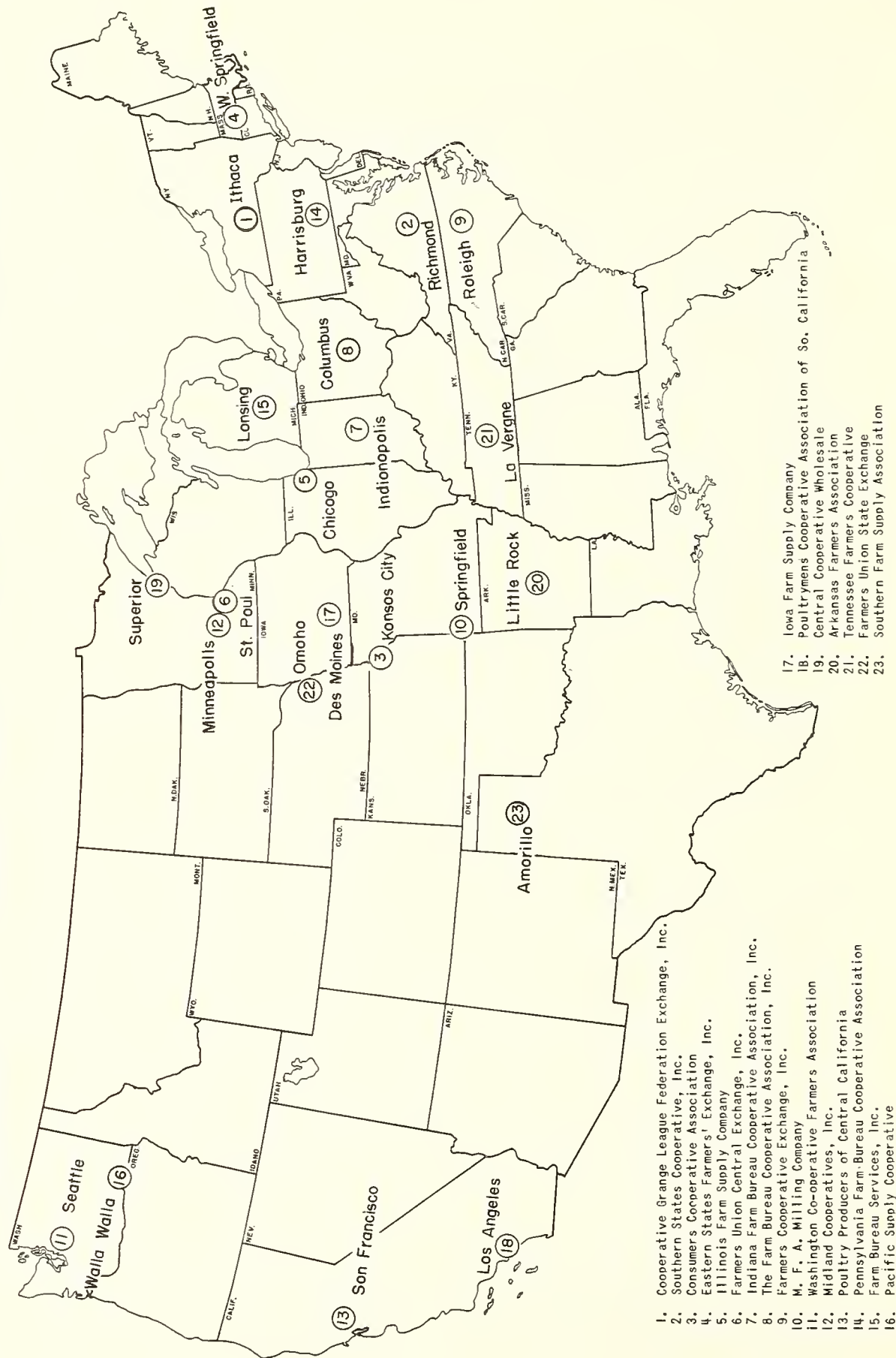
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LOCATION OF 23 MAJOR REGIONAL FARM SUPPLY COOPERATIVES



NOTE: ASSOCIATIONS ARE NUMBERED ACCORDING TO TOTAL VOLUME OF RETAIL AND WHOLESALE FARM SUPPLY BUSINESS FOR 1955.

HANDBOOK ON MAJOR REGIONAL FARM SUPPLY COOPERATIVES, 1954 AND 1955

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Publication of this Handbook was begun at the outset of World War II. Officials of several regional cooperatives indicated the need for a publication which would point out to Federal and State agencies the importance of these organizations in providing farmers with essential production supplies during the war period. Since then the Handbooks also have been used by farmer cooperative leaders, educational agencies, and others to obtain a better understanding of the operations of regional farm supply associations, and to follow trends and progress in their services and benefits to farmers.

Part I of this Handbook gives information for each of 23 major regional farm supply cooperatives in the United States for their fiscal years ending in 1954 and 1955. These associations each normally do more than \$5 million of farm supply business annually. They are listed according to the amount of their total wholesale and retail supply business for 1955. Although there is wide variation in the forms of organization, methods of operation, and accounting and reporting practices followed by these associations, effort has been made to present information on a comparable basis. Part II summarizes information for the group for 1954 and 1955.

The 1955 Handbook contains the same list of associations as the 1954 issue with the following exceptions: Iowa Farm Supply Co., Des Moines, was added and M.F.A. Grain and Feed Co., St. Joseph, Mo., was not included because it became the Grain and Feed Division of Missouri Farmers Association, Inc., during the year. Consumers Cooperatives Associated became Southern Farm Supply Association in May 1956.

A limited number of other regional farm supply cooperatives and federations of regionals each doing more than \$5 million of supply business annually are not included in this Handbook.

Nineteen of the 23 cooperatives performed wholesale services for retail cooperative outlets of various types. The other four associations distributed all supplies direct to individual patrons. Five of the former group, however, did both wholesale and retail business. Eleven of the 23 associations also marketed farm products.

Many major regional marketing cooperatives also performed extensive farm supply services. The value of supplies distributed by three of these marketing associations, each doing more than \$5 million of farm supply business in 1955, is shown in the Appendix.

Note: The information presented in this report on individual associations was provided and authorized for publication by each organization. Appreciation is expressed to officials of the associations for their cooperation and to Martin A. Abrahamsen, Purchasing Division, Farmer Cooperative Service, for helpful review of the report.

PART I. --ASSOCIATION REPORTS FOR 23 MAJOR REGIONAL FARM SUPPLY COOPERATIVES FOR FISCAL YEARS ENDING IN 1954 AND 1955

Principal items considered for each of the 23 associations include: Date of organization, area of service, types of local outlets, types and volume of supplies handled, distribution of net margins, revolving of capital, total cash distributions to patrons, and financial condition.

Cooperative Grange League Federation Exchange, Inc.

The Cooperative Grange League Federation Exchange, Inc., known as the G.L.F., was organized June 28, 1920. It serves farmers in New York, New Jersey, and the northern tier of counties in Pennsylvania--roughly the territory known as the "New York Milkshed." Its administrative offices are in Ithaca, N. Y.

The G.L.F. is a centralized cooperative. Its board of directors is responsible directly to farmer-members. Membership is determined by ownership of common stock and bona fide farm operation. Any farmer-patron who owns at least one \$5 share of G.L.F. common stock qualifies as a member.

Since it performs manufacturing, processing, wholesaling, transportation, insurance, and retailing services, G.L.F. is an integrated organization. At the end of the fiscal year, June 30, 1955, G.L.F. was providing these services for about 158,800 regular farmer-patrons and 59,600 nonfarmers. Farmer-patrons qualifying as members numbered about 118,200.

On June 30, 1955, the G.L.F. was serving its patrons through the following types of retail outlets:

<u>Retail outlets</u>	<u>Number</u>
G.L.F. retail service stores (including 4 full branches and 2 zero food branches)	243
G.L.F. petroleum cooperatives ¹	69
G.L.F. agent buyers	267
Independent local cooperatives	23
Supplementary agents	15
Farmer agents	6
<u>Total</u>	<u>623</u>

¹ Includes 2 branches and 1 retail filling station.

The retail service stores are cooperative corporations managed by G.L.F. They distribute farm supplies and in some cases market farm products for patrons. The Exchange holds all their common stock in trust for the local patrons. Local farmers own the preferred stock. Annual meetings are held at which member committees are elected. The member committee has many of the powers of a local board of directors. These stores are financed centrally and are supervised through management contracts that may be canceled at any time by the service stores. G.L.F. petroleum cooperatives are organized in a similar way except that they are located so as to perform a specialized petroleum service for patrons over wider areas. Between 60 and 65 percent of G.L.F.'s wholesale volume is distributed through these service stores and petroleum cooperatives.

Agent-buyers are private business operators who have been granted franchises to handle G.L.F. farm supplies in accordance with association policies. The independent

local cooperatives are locally controlled farmer cooperatives handling G. L. F. farm supplies on the same basis as agent-buyers. In many cases they primarily are local marketing associations with purchasing as an additional service. Supplementary agents are merchants, or others, who handle certain G. L. F. products such as fertilizer, or seed, but not the complete line. Approximately 35 to 40 percent of G. L. F.'s wholesale volume is distributed through agent-buyers, independent local cooperatives, and supplementary agents.

Under the same wholesale terms, these various types of retail outlets obtain supplies for redistribution through the manufacturing plants and warehouses that G. L. F. maintains at Buffalo, Albany, and other strategically located terminal centers. They also obtain supplies from other commercial sources.

Wholesale value of supplies distributed by G. L. F. for the fiscal years ended June 30, 1954 and 1955, was as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed, grain, flour and cereals	\$ 94,675,074	\$ 90,651,306
Fertilizer and lime (including shells, bedding, etc.)	15,018,504	15,503,490
Petroleum products	14,569,209	14,999,118
Tires, tubes, and auto supplies	1,139,081	1,385,036
Seed and seed potatoes	¹ 6,307,192	8,368,440
Hardware (tools)	502,703	528,515
Refrigeration equipment	1,189,825	1,137,306
Farm equipment and parts	2,554,811	2,672,229
Steel and other metal products	3,074,619	3,026,633
Building material, paint, and roofing	2,011,230	1,968,423
Insecticides, sprays and farm chemicals	3,170,500	3,533,649
Containers and package materials	706,014	690,070
Rope and twine	1,247,510	1,259,885
Lawn and garden equipment	469,891	557,509
Miscellaneous	1,026,303	798,063
Total	147,662,466	147,079,672

¹ Revised by association.

Value of supplies obtained at retail by farmers through local G. L. F. -managed retail outlets for the years ended June 30, 1954 and 1955 was as follows:

<u>Source of supplies</u>	<u>1954</u>	<u>1955</u>
G. L. F. retail service stores	\$100,771,994	\$103,547,755
G. L. F. petroleum cooperatives	20,159,459	21,219,140
Total	120,931,453	124,766,895

In addition, the above retail outlets performed services for the patrons, such as grinding, valued at.....	3,323,266	3,435,470
--	-----------	-----------

In some areas, G. L. F. also supplies cooperative marketing services. The principal products marketed are eggs, grain, and beans. Marketing is mainly through retail service stores, with some separate facilities maintained for eggs and beans. The following types of marketing facilities were maintained on June 30, 1955:

<u>Marketing facilities</u>	<u>Number</u>
Grain elevator.....	1
Bean plants	2
Egg receiving and sales agencies	11
Terminal sales agency for beans and grain	1
Cold storage plant	1
Transportation service unit.....	1

The value of farm products marketed by G. L. F.¹ for the years ended June 30, 1954 and 1955, follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Eggs	\$ 11,712,955	\$ 10,678,756
Fruits and vegetables	860,456	1,193,498
Grain.....	7,483,652	6,533,443
Beans	3,711,778	4,154,149
Hay and straw.....	645,853	529,964
Miscellaneous.....	131,077	134,551
Total.....	24,545,771	23,224,361

In addition, in 1954, through these marketing units, patrons purchased egg cases, seed, containers, fertilizer, sprays, storage and other services valued at \$1,209,353. In 1955 the value of these items was \$1,304,773.

Net margins of the combined G. L. F. system totaled \$7,979,185 for the fiscal year ended June 30, 1954, and \$7,069,665 for the year ended June 30, 1955. After making provisions for income taxes of \$2,787,745 in 1954 and \$2,584,985 in 1955, the remaining net margins available for distribution to patrons totaled \$5,191,440 in 1954 and \$4,484,680 in 1955. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on stock	\$ 1,792,941	\$ 1,752,300
Patronage refunds:		
Cash	1,348,039	1,096,173
Letters of advice	180,762	-
Additions to capital reserves.....	1,869,698	1,636,207
Total.....	5,191,440	4,484,680

Of these total net margins, before taxes, approximately 58 percent in both 1954 and 1955 were derived from manufacturing, wholesale purchasing, and regional marketing operations. The remaining proportions were derived from local retail and marketing operations.

The financial condition of the combined G. L. F. system, including wholesale divisions, financing and insurance subsidiaries, retail service stores, petroleum cooperatives, and marketing associations as of June 30, 1954 and 1955, is shown in the following condensed consolidated balance sheet:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 43,357,641	\$ 43,717,919
Fixed assets (net).....	28,315,977	30,362,738
Other assets (investments).....	8,651,016	9,263,268
Total.....	\$ 80,324,634	\$ 83,343,925

¹ Includes marketing by service stores.

	<u>1954</u>	<u>1955</u>
Liabilities and patrons' equities:		
Current liabilities	\$ 11,933,047	\$ 14,686,150
Other liabilities	6,800,000	5,729,868
Capital stock and patrons' equities.....	61,591,587	62,927,907
Total	<u>80,324,634</u>	<u>83,343,925</u>

The following tabulation shows the number and value of the principal facilities owned and operated by G. L. F. and its affiliated service stores, petroleum, and marketing co-operatives on June 30, 1955:

Facilities	Number of plants or units	Cost value	Depre- ciated value
<u>Regional--Wholesale:</u>			
Feed mills	4	\$ 9,306,525	\$ 6,288,588
Fertilizer and insecticide plants.....	13	4,836,388	3,319,161
Seed cleaning plants.....	8	1,376,575	892,175
Farm supply warehouses	8	1,155,220	718,477
Petroleum bulk storage terminals....	7	1,734,902	1,468,868
Marketing warehouse, storage, and processing plants.....	15	1,490,947	1,060,790
Office buildings and equipment		1,878,517	1,242,381
Flour and cereal mill and elevator....	2	278,136	179,805
Radio network.....	5	254,157	187,709
Other facilities		262,966	160,182
Sub-total.....		<u>22,574,333</u>	<u>15,518,136</u>
<u>Local--Retail:</u>			
Retail service stores.....	241	18,550,109	12,434,246
Bulk petroleum plants.....	69	4,260,883	2,096,298
Freezer-locker plants	2	115,701	40,228
Marketing warehouse, storage, and processing units.....	2	346,666	273,830
Sub-total.....		<u>23,273,359</u>	<u>14,844,602</u>
Total.....		<u>45,847,692</u>	<u>30,362,738</u>

In addition to these facilities, G. L. F. had \$6,568,976 invested in federations of regional cooperatives and allied companies which operated various manufacturing and wholesaling facilities.

On June 30, 1955, the G. L. F. system had 4,402 employees. Of these, 328 were engaged in general administrative activities, 509 in wholesale distribution, 796 in manufacturing and processing operations, 2,523 in retail distribution, and 246 in marketing farm products. These figures do not include retail employees of independent cooperatives or agent-buyers and their employees who may spend most of their time in distributing G. L. F. farm supplies. The figures for the three operating groups include administrative, accounting, and clerical employees.

Southern States Cooperative, Inc.

The Southern States Cooperative, Inc., (S. S. C.), Richmond, Va., was organized on July 21, 1923, as the Virginia Seed Service. It was reorganized in 1933 under its present name. At the end of its operating year on June 30, 1955, it was furnishing supplies through local cooperatives, service agencies, and farmer agents to approximately 320,284 members in Virginia, West Virginia, Kentucky, Maryland, Delaware, and

Tennessee. The number of nonfarmers served was estimated at 48,069. Substantially all its patrons were farmers and 80 percent were members. A farmer-patron becomes a member by acquiring ownership of one or more shares of \$1 par value voting stock issued in payment of patronage refunds.

On June 30, 1955, the Southern States Cooperative was serving its patrons through the following types of retail outlets:

<u>Retail outlets</u>	<u>Number</u>
Local affiliated cooperatives:	
Farm supply stores with management contracts	126
Farm supply stores without management contracts	54
Petroleum service plants with management contracts	25
Locker plants with management contracts	1
Service agencies (privately owned).....	524
Total.....	730

Local affiliated cooperatives with management contracts are separately incorporated associations whose boards of directors have employed Southern States to perform certain management, accounting, auditing, and financial services on a fee basis. Approximately 43 percent of Southern States' wholesale volume is distributed through these farm supply and petroleum cooperatives. Those without management contracts are independent co-operatives which use the association as a wholesale source of supply.

Service agencies are private retail farm supply dealers who have been awarded the Southern States franchise by the local membership. Under the terms of this franchise, dealers handle the supplies under conditions agreed upon. Approximately 57 percent of the association's wholesale volume is distributed through these agencies and the farm supply cooperatives without management contracts.

Feed and fertilizer manufacturing operations of Southern States Cooperative are conducted by several subsidiary cooperatives. Some of these subsidiaries are wholly owned by S.S.C. and others are jointly owned by a number of wholesale farmer cooperatives that use them as a source of a portion or all of their feed and fertilizer requirements. In addition to Southern States Cooperative, these participating associations are the Farmers Cooperative Exchange, Raleigh, N. C.; Pennsylvania Farm Bureau Cooperative Association, Harrisburg, Pa.; The Farm Bureau Cooperative Association, Columbus, Ohio; and The Cotton Producers Association, Atlanta, Ga. Ownership is in proportion to use or patronage and is annually adjusted to maintain ownership on that basis. Each of the participating cooperatives pays its exact share of operating expenses and therefore obtains manufacturing service at cost.

The value of supplies distributed at wholesale, together with value of supplies manufactured for the account of affiliated regional cooperatives, for the fiscal years ended June 30, 1954 and 1955, was as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 56,475,246	\$ 55,489,499
Fertilizer	10,540,397	11,880,123
Seed.....	6,958,435	7,367,204
Petroleum products and equipment	7,752,711	6,676,013
Auto accessories	776,588	952,900
Farm equipment and tools	1,605,575	1,600,424
Hardware and steel products	3,676,501	4,269,617
Paint and asphalt	859,559	890,860
Insecticides, sprays, and chemicals	1,615,477	1,480,560
Electrical equipment and appliances	1,050,793	1,060,178
Miscellaneous	119,091	243,341
Total.....	91,430,373	91,910,719

Supplies manufactured for the account of other regional cooperatives totaled \$16,776,894 in 1954 and \$16,147,768 in 1955.

Value of supplies distributed at retail outlets managed by Southern States Cooperative amounted to \$46,670,702 in 1954 and \$48,845,846 in 1955.

Southern States Cooperative has marketing services for several farm products produced by members. On June 30, 1955, the association operated 2 terminal egg sales agencies and 1 terminal grain marketing service.

Value of farm products marketed through Southern States Cooperative follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Eggs	\$ 2,745,686	\$ 2,388,462
Grain	5,240,331	7,616,096
Total	7,986,017	10,004,558

Net margins available for distribution to patrons on S.S.C. wholesale, retail, and marketing operations totaled \$5,653,579 in 1954 and \$4,861,004 in 1955. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on stock	\$ 1,120,956	\$ 1,264,745
Patronage refunds:		
Cash	1,127,194	1,082,588
Stock and equities	3,295,884	2,410,560
Retained in reserves and adjustments	109,545	103,111
Total	5,653,579	4,861,004

Of these total net margins approximately 81 percent in 1954 and 84 percent in 1955 were derived from manufacturing and wholesale purchasing operations, and the remaining proportions were derived from local retail and marketing operations.

For the year ended June 30, 1954, the association retired voting stock amounting to \$98,000, issued originally in the payment of patronage refunds. For the year ended June 30, 1955, the redemptions totaled \$105,000. For many years the policy has been to call and retire at par value the voting stock issued 10 years previous.

The financial condition of Southern States Cooperative, Inc., its wholly owned subsidiaries and partly owned manufacturing subsidiaries, and its affiliated local retail co-operatives, on June 30, 1954 and 1955, is shown in the following consolidated statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 21,580,140	\$ 24,545,446
Fixed assets (net)	15,604,448	17,959,389
Other assets	7,425,891	7,336,305
Total	44,610,479	49,841,140
Liabilities and net worth:		
Current liabilities	4,635,636	3,623,450
Deferred liabilities	3,913,815	7,242,873
Net worth or members' or patrons' equities ...	36,061,028	38,974,817
Total	44,610,479	49,841,140

Following is a tabulation of the number and value of facilities owned and operated by the Southern States Cooperative, Inc., its subsidiaries, and affiliated local cooperatives on June 30, 1955:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
<u>Regional--Wholesale:</u>			
Headquarters building	1	\$ 2,152,759	\$ 1,725,115
Poultry and egg marketing outlets ...	2	252,064	184,020
Feed mills	5	6,552,539	5,149,791
Fertilizer plants	5	2,476,112	1,818,786
Seed cleaning plants and wholesale farm supply warehouses	9	3,079,298	2,117,196
Petroleum terminals and transport equipment	3	548,197	405,542
Research and analysis laboratory...	1	18,186	5,776
Grain marketing facility	2	285,858	192,129
Other facilities		568,625	297,775
Sub-total		<u>15,933,638</u>	<u>11,896,130</u>
<u>Local--Retail</u>			
S. S. C. service stores	126	6,259,482	4,964,279
S. S. C. bulk petroleum plants	25	1,612,573	1,014,308
Frozen food locker plants	2	134,049	84,672
Sub-total		<u>8,006,104</u>	<u>6,063,259</u>
Total		23,939,742	17,959,389

In addition to these facilities, Southern States Cooperative had \$311,100 invested in federations of regional cooperatives plus a considerable amount in allied companies which operated various manufacturing and wholesaling facilities. These investments are included in "other assets" in S. S. C. 's balance sheet.

On June 30, 1955, Southern States Cooperative had 2,244 employees. Of these 756 were engaged in general administrative activities, 725 in manufacturing and processing operations, 55 in wholesale distribution, 663 in retail distribution, and 45 in marketing farm products.

Consumers Cooperative Association

The Consumers Cooperative Association, (known as CCA,) with headquarters in Kansas City, Mo., was organized in 1929. As of August 31, 1955, CCA was serving 1,693 local and regional member associations. Local member cooperatives mainly are located in Colorado, Iowa, Kansas, Missouri, Nebraska, South Dakota, Oklahoma, and Wyoming. These associations, in turn, serve approximately 460,000 patrons, about 98 percent of them farmers. Only two-tenths of 1 percent of these co-ops were under management or supervision agreements with CCA.

Crude oil production, pipe-line transportation and refinery operations are carried on for CCA, by a wholly-owned subsidiary, the Cooperative Refinery Association (CRA). CCA's and CRA's production and manufacturing operations provide practically all the refined fuels, lube oil and grease, and most of the feed, fertilizer, lumber, and paint supplies to patrons.

CCA owns 75 percent of the common stock of another subsidiary, the Cooperative Farm Chemicals Association (CFCA), incorporated October 5, 1951, to build and operate

an agricultural nitrogen fixation plant at Lawrence, Kans. This plant, costing about \$16.6 million, has a rated annual capacity of 110,000 tons of nitrogenous fertilizer. The other one-fourth of the common stock of CFCA is owned by Central Farmers Fertilizer Company, Chicago, Ill., a federation of regional cooperatives.

CCA has two other wholly-owned subsidiaries--the Cooperative Insurance Agency, Inc., and the Cooperative Finance Association, Inc., which provide insurance and financing to member local cooperatives.

A consolidated summary of merchandise furnished by CCA and its subsidiaries, CRA and CFCA, for the fiscal years ended August 31, 1954 and 1955 follows:

<u>Commodities</u>	<u>1954 ¹</u>	<u>1955</u>
Petroleum products	\$64,485,585	\$ 65,109,181
Feed	6,191,123	5,408,217
Fertilizer.....	4,796,067	9,410,529
Lumber, paint and building supplies	4,310,036	4,936,646
Farm machinery and general equipment.....	1,210,865	808,426
Tires, tubes and auto accessories.....	2,663,470	3,073,616
Insecticides.....	606,909	780,631
Appliances.....	425,314	425,183
Groceries, drugs and sundries.....	329,620	-0-
Miscellaneous ²	560,302	600,189
Total.....	85,579,291	90,552,618

¹Revised to include majority-held subsidiary--the Cooperative Farm Chemicals Association.

²Includes such items as wax, twine, printed supplies and advertising material.

Total consolidated net margins of CCA, its three wholly-owned subsidiaries and its majority-held subsidiary--the Cooperative Farm Chemicals Association--available for distribution to patrons totaled \$283,990 in 1954 and \$2,336,666 in 1955. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1954 ¹</u>	<u>1955</u>
Cash dividends on stock	\$ 26,055	\$ 80,660
Patronage refunds:		
Cash	202,619	362,073
Revolving funds	1,610	2,615
Common stock	4,007	8,464
Preferred stock	363,503	1,204,819
Additions to surplus	(313,804)	678,035
Total.....	283,990	2,336,666

¹Revised to include majority-held subsidiary--the Cooperative Farm Chemicals Association.

Thirty-five percent of the 1953-54 patronage refund and 23 percent of the 1954-55 refund were paid in cash.

Cash payments to retire deferred refunds amounted to \$171,477 in the 1953-54 fiscal year and \$473,236 in the 1954-55 fiscal year. The association has now retired all deferred patronage refunds through 1946 and about 50 percent of the refund deferred for the 1947 fiscal year.

Total cash distributed to patrons including dividends, current refunds paid in cash, and the retirement of deferred refunds amounted to \$400,151 in the 1953-54 fiscal year and \$915,969 in the 1954-55 fiscal year.

Consolidated balance sheets of the Consumers Cooperative Association and its subsidiaries, the Cooperative Refinery Association and the Cooperative Farm Chemicals Association, for the years ended August 31, 1954 and 1955 were as follows:

	<u>1954¹</u>	<u>1955</u>
Assets:		
Current assets	\$ 22,306,751	\$ 21,981,636
Fixed assets (net).....	43,271,107	43,087,086
Other assets	8,717,890	10,222,172
Total.....	74,295,748	75,290,894
Liabilities and net worth:		
Current liabilities	\$ 14,154,365	\$ 15,880,660
Other liabilities	34,868,009	31,341,049
Net worth.....	25,273,374	28,069,185
Total.....	74,295,748	75,290,894

¹Revised to include various accounts of the Cooperative Farm Chemicals Association rather than just the investment.

Principal facilities owned and operated by CCA, CRA, and CFCA on August 31, 1955, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Petroleum refineries.....	3	\$ 13,732,695	\$ 8,530,992
Crude oil production:			
Facility (equipment).....		8,027,846	5,152,161
Oil reserve (leaseholds).....		12,633,455	3,991,158
Pipe lines (miles).....	999	4,805,824	3,639,257
Distribution and transportation:			
Warehouses and terminals.....	10	712,760	497,590
Highway transports	85	1,054,932	420,806
Manufacturing:			
Fertilizer plants ¹	4	18,738,091	17,832,895
Feed mills	2	443,449	252,538
Lumber mill and timber ²	1	4,324,467	2,186,241
Other plants.....	3	121,212	65,559
Administrative building and equipment ...		613,076	237,899
Non-operating buildings and equipment...		372,777	279,990
Total.....		65,580,584	43,087,086

¹Includes nitrogen fertilizer plant operated by the Cooperative Farm Chemicals Association, Lawrence, Kans.

²Lumber mill and timber were sold Nov. 1, 1955.

In addition to these facilities, CCA, CRA, and CFCA have invested \$8,375,718 in other federations of regional cooperatives which operate various manufacturing and wholesale facilities. These investments are included in "other assets" on the consolidated balance sheet.

Consumers Cooperative Association and its subsidiary associations had 2,125 employees on August 31, 1955. They included 331 engaged in general administrative activities, 800 in oil production and refining, 590 in manufacturing plants (other than refining), and 404 in wholesale distributing including transportation terminals and warehouses.

Eastern States Farmers' Exchange, Inc.

The Eastern States Farmers' Exchange, Inc., with headquarters in West Springfield, Mass., was organized on January 28, 1918. At the end of 1955, it was serving over 205,000 patrons in the six New England States, Pennsylvania (except for the northern tier counties), Delaware, and Maryland.

Membership in Eastern States is determined by patronage. The association has no capital stock nor membership fees. Every farmer who purchases through the association becomes a member and remains a member for the calendar year following the date of his last purchase. Five percent of the 1955 volume of business was with non-farmer patrons.

Eastern States has approximately 52 directors elected on a State basis according to membership. Their terms are 3 years with about one-third elected each year. The executive committee consists of 12 members plus the president.

Patrons are served by 407 farmer-representatives, 14 independent cooperatives that also serve as representatives, and 89 regional branch warehouses strategically located to supplement local car-door distribution.

Eastern States is an integrated farmers' nonstock, nonprofit cooperative agency for procuring production supplies for its members. It processes a large proportion of the items it handles.

Value of supplies distributed to patrons for the fiscal years ended December 31, 1954 and 1955, was as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed and grain	\$ 69,429,804	\$ 62,278,409
Field seeds	2,651,364	2,954,111
Seed potatoes.....	543,970	905,294
Vegetable seeds.....	400,527	449,276
Fertilizer and lime.....	7,735,017	8,074,781
Spray and dust materials	1,888,517	2,048,284
Miscellaneous (roofing, paints, lubricants, and similar products) ¹	3,298,577	3,718,105
Total.....	85,947,776	80,428,260

¹ Approximately 31 percent of this volume consisted of building supplies and the remaining 69 percent was miscellaneous production supplies such as baler and binder twine, lubricants, anti-freeze, and fencing.

Total net savings available for distribution to patrons amounted to \$3,790,178 in 1954 and \$3,309,842 in 1955. Distribution of these net savings was as follows:

<u>Distribution of net savings</u>	<u>1954</u>	<u>1955</u>
Patronage refunds in cash	\$ 2,440,178	\$ 2,309,842
Amount allocated to patrons and retained.....	1,350,000	1,000,000
Total.....	3,790,178	3,309,842

The financial statement for Eastern States Farmers' Exchange as of December 31, 1954 and 1955, was as follows:

	1954	1955
Assets:		
Current assets	\$ 15,197,796	\$ 14,240,343
Fixed assets (net).....	21,743,940	22,052,593
Other assets	1,202,410	931,998
Total.....	38,144,146	37,224,934
Liabilities and net worth:		
Current liabilities	\$ 5,535,918	\$ 5,216,706
Fixed indebtedness	6,600,000	5,000,000
Net worth (patrons' equities).....	26,008,228	27,008,228
Total.....	38,144,146	37,224,934

The type and value of facilities owned by the Exchange as of December 31, 1955, follow:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Book value</u>
General office	1	\$ 3,016,562	\$ 2,118,063
Service warehouses	89	3,413,298	2,558,670
Feed mills	2	19,032,738	14,649,353
Fertilizer plants.....	4	2,652,190	1,961,684
Agricultural chemical plants and farm supply storage	2	447,336	403,957
Research centers	2	453,749	349,648
Other.....	1	13,749	11,218
Total.....	101	29,029,622	22,052,593

On December 31, 1955, Eastern States had 1,734 employees. Of these 473 were engaged in general and administrative activities, 785 in manufacturing and processing operations, 36 in research activities, and 440 in distributing through its warehouses.

Illinois Farm Supply Company

The Illinois Farm Supply Company, with headquarters in Chicago, was organized in 1927. At the end of its operating year on August 31, 1955, it was providing manufacturing and wholesale farm supply services for 101 Class "A" member service companies and 39 Class "B", "C", and "D" member companies throughout Illinois. Most of these associations operated over county-wide areas and served about 150,000 patrons, of whom 97 percent were farmers.

Each member company is required to own one share of common stock (no par value) for membership purposes and preferred stock is used for financing purposes. Each share of capital stock has one vote because Illinois laws governing capital stock corporations grant voting privileges to all classes of capital stock. Class "A" members are the county service companies handling petroleum, feed, plant food, and general farm supplies and all have membership agreements with Illinois Farm Supply Company. The Class "B", "C", and "D" members consist of other types of supply and marketing cooperatives and a few county Farm Bureaus.

This State and county cooperative system operates on a federated basis with local Farm Bureau members owning the county companies. These companies in turn own the

Illinois Farm Supply Company and elect 9 of its directors for 1-year terms on a district basis. In addition, two directors of the Illinois Agricultural Association--the State Farm Bureau organization--are selected to serve on the board. From a technical standpoint, however, legal control and supervision of this cooperative system rests with the Illinois Agricultural Association. It holds a majority of the voting shares of capital stock in the Illinois Farm Supply Company, and the latter holds a majority of the voting stock in most of its member service companies.

Value of supplies distributed at wholesale by the Illinois Farm Supply Company during the fiscal years ended August 31, 1954 and 1955, was as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 14,560,517	\$ 12,985,789
Fertilizer.....	11,458,188	11,712,044
Petroleum products.....	32,467,153	34,204,758
Tires, tubes and accessories	809,168	826,207
Farm equipment.....	950,038	1,003,428
Steel products.....	688,925	942,073
Lumber, paint, and other maintenance equipment ..	693,801	638,210
Insecticides	605,926	521,074
Twine	88,074	148,732
Antifreeze and office supplies	127,975	109,167
Total.....	62,449,765	63,091,482

Total net margins from all manufacturing, wholesaling, and transportation operations available for distribution to patrons amounted to \$2,959,611 in 1954 and \$2,993,124 in 1955. The distribution of these net margins was as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on capital stock	\$ 230,088	\$ 238,955
Patronage refunds:		
Cash	1,929,523	1,954,169
Capital stock.....	300,000	300,000
Retained in surplus	500,000	500,000
Total.....	2,959,611	2,993,124

The financial condition of the Illinois Farm Supply Company on August 31, 1954 and 1955, was as follows:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 14,054,656	\$ 12,497,150
Fixed assets (net).....	5,889,824	7,536,128
Other assets	3,962,253	4,033,982
Total.....	23,906,733	24,067,260
Liabilities and net worth:		
Current liabilities	5,590,959	5,539,304
Other liabilities	6,465,000	5,920,000
Net worth or members equities.....	11,850,774	12,607,956
Total.....	23,906,733	24,067,260

On August 31, 1955, a total of 66 percent of the net worth had been accumulated through the sale of stock, while 34 percent represented retained savings.

The Illinois Farm Supply Company has one wholly-owned subsidiary--the Loudon Pipeline Company--which operates crude oil pipelines and a small amount of production properties. Only the investment which the Illinois Farm Supply Company has as capital stock in this subsidiary is included in its balance sheet.

The type and value of the principal operating facilities owned by the Illinois Farm Supply Company and its wholly-owned subsidiary as of August 31, 1955, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Feed mills	2	\$ 2,580,906	\$ 1,141,618
Marine terminal bulk petroleum plants .	3	1,065,026	765,893
Transport trucks		1,371,714	854,649
Barges and towboats		1,080,086	728,875
Tire recapping plant		8,217	268
Plant food plant	2	3,205,892	2,605,741
Petroleum refinery.....	1	1,783,073	820,942
Other facilities		176,914	92,971
Construction in progress		527,009	527,009
Sub-total		<u>11,798,837</u>	<u>7,537,966</u>
Properties represented by capital stock invested in its subsidiary, Loudon Pipeline Co., and included in "other assets":			
Pipeline		\$ 532,433	\$ 98,709
Crude oil properties		26,766	-
Sub-total		<u>559,199</u>	<u>98,709</u>
Total facilities		<u>12,358,036</u>	<u>7,636,675</u>

In addition to these facilities, Illinois Farm Supply Company had \$3,034,939 invested in federations of regional cooperatives and allied companies which operated various re-fining, producing, manufacturing, and wholesaling facilities.

The Illinois Farm Supply Company and its subsidiary had 738 employees on August 31, 1955, of which 269 were engaged in general and administrative activities, 319 in manufacturing and processing operations, and 150 in wholesale distribution, including transportation and warehousing.

Farmers Union Central Exchange, Inc.

The Farmers Union Central Exchange, Inc., with headquarters at St. Paul, Minn., was organized in 1931. At the end of December 31, 1955, it was serving 446 local member associations with approximately 157,000 patrons, 90 percent of them farmers, and 280 nonmember cooperatives with 102,000 patrons, 90 percent of whom were farmers. The Exchange operates in North Dakota, South Dakota, Montana, Minnesota, Wisconsin, and Wyoming.

Farmers Union Central Exchange distributed supplies at wholesale during its years ended December 31, 1954 and 1955 as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 3, 237, 210	\$ 3, 484, 190
Seed	443, 424	662, 895
Fertilizer.....	2, 511, 318	3, 375, 882
Petroleum products.....	36, 377, 464	40, 522, 146
Tires, tubes, and other accessories.....	4, 302, 581	5, 630, 639
Farm machinery.....	2, 344, 825	2, 679, 642
Milking machines.....	123, 781	109, 481
Paint.....	249, 250	304, 122
Hardware and building material	3, 049, 454	2, 810, 018
Electrical equipment and appliances	437, 577	500, 574
Twine	468, 106	558, 466
Agricultural chemicals	580, 278	684, 424
L. P. gas equipment.....	434, 802	602, 383
Oil equipment	550, 307	630, 419
Miscellaneous	192, 886	161, 364
Total.....	55, 303, 263	62, 716, 645

The Exchange derived net margins available for distribution to patrons for fiscal 1954 and 1955 as follows:

<u>Source of net margins</u>	<u>1954</u>	<u>1955</u>
Manufacturing and wholesaling operations	\$ 4, 095, 641	\$ 4, 759, 631
Net savings in form of stock and stock credits from other cooperatives	1, 321, 587	1, 675, 569
Total ¹	5, 417, 228	6, 435, 200

¹In addition, price adjustments paid quarterly in cash on the purchases of certain petroleum products by local cooperatives totaled \$1, 558, 904 in 1954 and \$1, 221, 784 in 1955.

The association distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on stock	\$ 2, 733	\$ 2, 417
Patronage refunds in capital stock.....	4, 234, 380	5, 071, 214
Service expense	190, 056	218, 183
Employees' saving-sharing fund.....	270, 861	321, 760
Retained in capital reserves	719, 198	821, 626
Total.....	5, 417, 228	6, 435, 200

Capital stock, amounting to \$1, 634, 785, originally issued in payment of patronage refunds, was retired in 1954 under a revolving capital plan. The amount retired in 1955 was \$2, 226, 321. The association has now retired all such capital stock issued through 1947.

A condensed financial statement of the Farmers Union Central Exchange, Inc., for December 31, 1954 and 1955, follows:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets:.....	\$ 16,225,347	\$ 19,259,501
Fixed assets (net).....	7,883,645	8,560,578
Other assets	1,165,734	1,244,325
Investments	<u>11,834,103</u>	<u>13,178,271</u>
Total	37,108,829	42,242,675
Liabilities and net worth:		
Current liabilities	6,583,525	8,375,719
Net worth (capital and reserves).....	<u>30,525,304</u>	<u>33,866,956</u>
Total	37,108,829	42,242,675

Facilities owned and operated by the association at the close of 1955 included:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouses	11	\$ 897,978	\$ 742,347
Oil blending plant and main buildings and equipment.....	1	1,857,937	1,425,726
Automobiles and trucks.....		565,271	391,513
Furniture and fixtures		605,226	288,695
Refinery property.....	1	8,981,823	5,376,283
Bottled gas plants and equipment	16	472,444	336,014
Total		<u>13,380,679</u>	<u>8,560,578</u>

In addition to these facilities, the Exchange had \$13,178,272 invested in federations of regional cooperatives which operated manufacturing and wholesaling operations.

On December 31, 1955, the Farmers Union Central Exchange had 715 employees. Of these, 316 were engaged in general and administrative activities, 202 in manufacturing and processing operations, and 197 in wholesale distribution including warehousing and transportation.

Indiana Farm Bureau Cooperative Association, Inc.

The Indiana Farm Bureau Cooperative Association, Inc., with headquarters in Indianapolis, Ind., was organized in its present form in February 1927. At the end of its operating year, December 31, 1955, it was serving 85 county farm bureau cooperatives in Indiana² and 1 in Kentucky. These 86 associations distribute supplies to approximately 140,000 patrons, about 90 percent of them farmers. None of the county associations were under management and financing arrangements with the State organization.

Membership in this State association is limited to the county associations just mentioned, which hold all of the State associations' voting stock. Each member association has only one vote. The State association has 10 directors elected by districts for 3-year terms, and one public director appointed annually. The Indiana Farm Bureau Cooperative Association is independent of the Indiana Farm Bureau Federation, but frequently one or more directors may be on the board of both organizations. The same relationship exists among the county farm bureau cooperatives and the county farm bureaus.

² Many of these county cooperatives also market grain, wool, poultry, eggs, and other products.

The value of supplies distributed at wholesale by the association during the fiscal years ended December 31, 1954 and 1955, follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 11,741,796	\$ 10,098,066
Seed	2,112,935	1,893,541
Fertilizer.....	11,545,397	12,695,236
Gas, oil, and grease.....	19,290,802	20,368,918
Tires, tubes, and other accessories.....	462,168	531,271
Farm machinery and parts.....	1,615,608	2,151,604
Farm equipment.....	380,890	471,212
Steel products.....	2,819,864	2,821,029
Lumber, paint, and other maintenance equipment ..	3,523,839	3,689,988
Insecticides.....	797,523	776,383
Electrical equipment and appliances	348,962	479,067
Twine	84,360	159,884
Coal.....	443,542	530,922
Chicks, eggs, and turkey poultts.....	261,872	231,290
Hog serum and virus.....	163,790	144,953
Hardware.....	600,198	568,913
Miscellaneous ¹	527,451	517,267
Total.....	56,720,997	58,129,544

¹ Includes such items as bulk plant equipment, printing supplies, biological by-products and wool growers' supplies.

The State association has moved into the field of marketing in recent years. Its first venture was in March 1947 when it started the Poultry and Egg Department. In October 1947 the Indiana Wool Growers merged with the association and in October 1949 the directors of the Indiana Grain Cooperative voted to merge with the association. On December 31, 1955, the Indiana Grain Marketing Division of the association was serving 101 locally owned cooperative elevators in the State.³

Sales value of farm products marketed by the State association during 1954 and 1955 was as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Grain	\$ 79,124,644	\$ 77,277,570
Poultry.....	14,363	11,249
Eggs	1,360,199	1,281,073
Wool	924,241	972,153
Total.....	81,423,447	79,542,045

In 1954 the Wool Department handled 1,752,000 pounds, or approximately 71 percent of production in the State. In 1955, the volume handled was 1,700,000 pounds or approximately 68 percent of production in the State.

In its fiscal year ending December 31, 1954, the Grain Division marketed 39,900,000 bushels of grain for \$79,124,644. In its fiscal year ending December 31, 1955, it marketed 47,133,000 bushels of grain for \$77,277,570.

³ While grain accounted for approximately 56 percent of its total business during 1955, it seemed advisable to continue to include this association in Part I of this Handbook because (1) for many years before its merger with the Indiana Grain Cooperative, it was included as a major farm supply regional and it is thus desirable to maintain continuity of information on major supply operations in the country, and (2) by far the larger proportion of the association's facilities, capital, net savings, and personnel were accounted for by the supply business.

This State cooperative had net margins from purchasing and marketing operations available for distribution to patrons of \$4,034,193 in 1954 and \$5,359,511 in 1955. The association distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on stock	\$ 320,704	\$ 338,356
Patronage refunds:		
Cash	952,789	1,517,055
Stock	2,760,700	3,504,100
Total	<u>4,034,193</u>	<u>5,359,511</u>

Common stock amounting to \$721,800 originally issued in payment of patronage refunds were retired during 1954 under a revolving capital plan. As of December 31, 1954, the association had retired all common stock issued through 1945 and 40 percent of the stock issued in 1946. In January 1955, the remaining 60 percent of the 1946 stock totaling \$342,400 was retired.

The amount of common stock retired in 1955 was \$1,088,700 and as of December 31, 1955, the association had retired all common stock issued through 1946. In January 1956, 50 percent of the 1947 stock, totaling \$1,167,200, was retired.

The financial condition of Indiana Farm Bureau Cooperative Association, Inc., on December 31, 1954 and 1955, is shown in the following condensed financial statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 28,047,752	\$ 23,827,083
Fixed assets (net)	16,702,731	16,824,516
Other assets	4,346,174	4,968,241
Total	<u>49,096,657</u>	<u>45,619,840</u>
Liabilities and net worth:		
Current liabilities	8,633,868	5,204,570
Other liabilities	6,035,195	3,227,197
Net worth (capital and reserves)	<u>34,427,594</u>	<u>37,188,073</u>
Total	<u>49,096,657</u>	<u>45,619,840</u>

On December 31, 1955, the association reported that 77 percent of its net worth represented retained savings. The remaining 23 percent had been accumulated through the sale of stock.

At the close of 1955, the principal wholesale purchasing, manufacturing, and marketing facilities included:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Fertilizer plants	3	\$ 3,199,782	\$ 2,172,132
Seed cleaning plant	1	146,857	99,073
Wholesale farm supply warehouse	1	558,665	445,469
Petroleum refinery (including products pipeline)	1	11,602,871	8,743,014
Transport trucks	30	388,394	172,688
General delivery trucks	46	96,368	45,063
Barges	7	270,143	195,329

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
General office building	1	\$ 424,770	\$ 345,033
Oil well equipment		2,502,762	1,140,765
Grain elevators	3	3,503,929	2,567,171
Serum plant			
Transfer yard	1	110,453	101,533
Insecticide plant	1	192,984	162,412
Hatcheries	32	409,711	134,717
Poultry and egg plants	3	394,791	265,680
Other facilities		474,802	234,437
Sub-total		<u>24,277,282</u>	<u>16,824,516</u>
Properties represented by capital stock investments included in "other assets":			
Crude oil properties (intangible cost) ..		5,855,512	1,983,226
Crude oil pipeline and equipment of subsidiary (Farm Bureau Oil Co.) .		1,619,178	698,972
Sub-total		<u>7,474,690</u>	<u>2,682,198</u>
Total facilities		<u>31,751,972</u>	<u>19,506,714</u>

In addition to these facilities, the association had \$1,509,577 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities. These investments are included in "other assets" of the association.

On December 31, 1955, the Indiana Farm Bureau Cooperative Association had 1,089 employees. Of these, 230 were engaged in general and administrative activities, 290 in manufacturing and processing operations, 14 in retail distribution, 367 in wholesale distribution including warehousing and transportation, and 188 in marketing farm products.

The Farm Bureau Cooperative Association, Inc.

The Farm Bureau Cooperative Association, Inc., with headquarters at Columbus, Ohio, was organized in its present form on July 31, 1933. At the end of its operating year, December 31, 1955, it was serving 87 member associations with approximately 222 distributing points in Ohio. These cooperative outlets served about 210,000 patrons. Volume of business done with farmers represents about 90 percent of the total business done by these associations.

Membership in The Farm Bureau Cooperative Association, Inc., may be obtained by purchasing one \$25 share of common stock and agreeing to the provisions of the bylaws. Each share of common stock has one vote. Preferred stock is used for financing purposes and carries no vote. Eighteen of the county cooperative associations were under management agreements with the State association, and of this number 12 had financing agreements. Common stock of The Farm Bureau Cooperative Association is held by the county cooperatives and the Ohio Farm Bureau Federation. The same board of 26 directors govern both the Ohio Farm Bureau Federation and The Farm Bureau Cooperative Association and they are elected by districts for terms of 3 years. In the county cooperatives, any farmer is eligible for membership.

This regional cooperative distributed supplies at wholesale during the years ended December 31, 1954 and 1955 as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 11,636,777	\$ 9,502,935
Fertilizer.....	7,036,802	7,310,925
Seed and seed potatoes	1,800,807	2,304,993
Petroleum products	13,847,143	14,607,977
Tires, tubes, and other accessories.....	221,972	273,917
Farm machinery and parts.....	2,044,743	2,104,341
General farm equipment.....	675,075	778,227
Lumber, paint, and other maintenance equipment..	2,026,554	2,240,397
Insecticides and fungicides.....	536,509	581,575
Electrical equipment and appliances	743,800	863,592
Miscellaneous ¹	630,169	461,385
Total.....	² 41,200,351	³ 41,030,264

¹ Includes such items as petroleum handling equipment and animal health supplies.

² Includes \$102,136 of interdivision transactions.

³ Includes \$72,365 of interdivision transactions.

The value of grain marketed through The Farm Bureau Cooperative Association, Inc., was \$20,289,206 in 1954 and \$25,293,977 in 1955.

Net margins available for distribution to patrons totaled \$1,303,838 in 1954 and \$1,494,091 in 1955. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on stock	\$ 190,703	\$ 211,812
Patronage refunds:		
Cash	291,233	391,800
Securities.....	679,544	727,629
Amount retained in reserves.....	142,358	162,850
Total.....	1,303,838	1,494,091

Of these total net margins, approximately 85 percent in 1954 and 75 percent in 1955 were derived from purchasing operations, and the remaining proportions were derived from marketing operations.

Capital stock certificates amounting to \$438,150, originally issued in payment of patronage refunds, were retired during 1954 under a revolving capital plan. The amount retired in 1955 was \$548,000. The association has now retired all such stock issued through 1946 and one-half of that issued for 1947.

The financial condition of The Farm Bureau Cooperative Association, Inc., as of December 31, 1954 and 1955, is shown in the following statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 13,410,288	\$ 12,950,277
Fixed assets (net).....	3,272,137	5,418,199
Other assets	6,925,878	7,995,663
Total.....	23,608,303	26,364,139

	<u>1954</u>	<u>1955</u>
Liabilities and net worth:		
Current liabilities	\$ 6,388,978	\$ 4,148,361
Other liabilities	4,738,593	8,311,140
Net worth (capital and reserves).....	12,480,732	13,904,638
Total	23,608,303	26,364,139

Forty-three percent of the net worth has been accumulated through the sale of stock and 57 percent from net savings.

The Farm Bureau Cooperative Association owns a subsidiary--Louisville Refining Company, Louisville, Ky., which refines petroleum products and it in turn owns a subsidiary--Producers Pipe Line Company--which produces and transports crude oil. Only the investments The Farm Bureau Cooperative Association has in capital stock in these subsidiaries are included in "other assets" in its balance sheet.

Principal facilities owned and operated by The Farm Bureau Cooperative Association, Inc., and its subsidiaries at the end of 1955 were:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Terminal grain elevator	1	\$ 3,099,308	\$ 2,662,883
Feed mills	3	820,989	327,826
Fertilizer plants	6	1,997,780	1,327,780
Insecticide plant	1	8,623	302
Seed plant	1	80,148	19,961
Wholesale farm supply warehouse	1	203,589	102,063
Transport trucks (dry and liquid)	24	462,334	120,760
Other facilities		1,403,531	856,624
Sub-total		8,076,302	5,418,199
Properties represented by capital stock investments in its subsidiaries--Louisville Refining Company and Propucers Pipe Line Company--are included in "other assets:"			
Petroleum refinery (complete)	1	\$ 4,456,405	\$ 2,788,992
Boats and barges	5	376,168	243,873
Crude oil pipelines (miles) ¹	260	1,013,948	321,650
Crude oil properties		1,026,669	650,415
Sub-total		6,873,190	4,004,930
Total facilities		14,949,492	9,423,129

¹ 8-inch pipe - .43 miles
6-inch pipe - 2.54 miles
4-inch pipe - 31.35 miles
3-inch pipe - 35.15 miles
2-inch pipe - 190.96 miles

In addition to these facilities, The Farm Bureau Cooperative Association had investments of \$842,431 in federations of regional cooperatives which owned manufacturing and wholesaling facilities.

On December 31, 1955, The Farm Bureau Cooperative Association, Inc., and its subsidiaries had 757 employees. Of these, 270 were engaged in general and administrative activities, 287 in manufacturing and processing operations, 149 in wholesale distribution

including warehousing and transportation, 9 in retail distribution, and 42 in marketing farm products.

Farmers Cooperative Exchange, Inc.

The Farmers Cooperative Exchange, Inc., known as FCX, with headquarters at Raleigh, N. C., was organized on March 12, 1934.⁴ It serves approximately 165,000 member-patrons in North and South Carolina. Of this number, approximately 98 percent are farmers.

Supplies are distributed through 61 FCX centrally managed subsidiary retail service stores, 5 independent cooperative associations, and 176 private dealer-agencies.

FCX distributed supplies at wholesale for the years ending June 30, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feeds and grains	\$ 10,578,348	\$ 10,619,539
Fertilizer.....	4,180,839	4,932,211
Seed.....	1,630,296	1,931,994
Steel, asphalt, and building materials.....	574,448	680,994
Paint.....	44,453	67,872
Farm machinery.....	618,538	264,142
Electrical appliances.....	654,025	871,695
Oil, tires, and tubes	22,818	27,240
Sprays and dusts.....	614,672	732,307
Miscellaneous farm supplies ¹	744,829	1,314,928
Total	19,663,266	21,442,922

¹Includes such items as farm tools, poultry and dairy equipment, medicines and salt.

Value of supplies distributed at retail by FCX-managed retail outlets amounted to \$13,408,254 in 1954 and \$15,255,422 in 1955.

Value of farm products marketed by FCX for fiscal 1954 and 1955 was as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Grains.....	\$ 987,452	\$ 1,347,740
Eggs and poultry.....	514,235	638,660
Livestock.....	795,638	514,203
Miscellaneous	127,755	19,590
Total	2,425,080	2,520,193

Net margins of the FCX wholesale, retail, and marketing system available for distribution to patrons totaled \$858,387 in 1954 and \$745,983 in 1955. These net margins were distributed as follows:

⁴The operations of FCX are closely related to the North Carolina Cotton Growers Cooperative Association. The same general manager serves both organizations. The cotton handled by the North Carolina Cotton Growers was valued at \$11,385,848 for the 1954 season and \$4,204,761 for the 1955 season. This association's net worth on June 30, 1954, was \$1,109,202 and on June 30, 1955, it was \$1,063,903.

<u>Distribution of net margins</u>		<u>1954</u>	<u>1955</u>
Cash dividends on stock	\$	262,487	\$ 313,803
Patronage refunds:			
Capital stock and debentures		533,590	414,837
Amount retained in capital reserves		62,310	17,343
Total		858,387	745,983

The financial condition of FCX and its retail subsidiaries as of June 30, 1954 and 1955, is shown in the following statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 6,306,119	\$ 6,832,124
Fixed assets (net).....	3,095,123	3,575,805
Other assets	716,258	878,565
Total	10,117,500	11,286,494
Liabilities and net worth:		
Current liabilities	1,554,676	1,898,896
Other liabilities	601,985	377,056
Net worth (capital and reserves).....	7,960,839	9,010,542
Total	10,117,500	11,286,494

The number and value of facilities owned and operated by FCX and its affiliated service stores and marketing units on June 30, 1955, follow:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
<u>Regional--Wholesale:</u>			
Farm supply warehouses	5	\$ 630,578	\$ 514,794
Equipment in warehouses and plants ¹		466,696	319,430
Fertilizer mixing plants	2	410,206	306,324
Seed-cleaning plants	4	108,948	51,608
Feed mill.....	1	331,233	242,800
Grain elevator.....	1	65,378	53,686
Office building.....	1	354,258	292,872
Sub-total.....		2,367,297	1,781,514
<u>Local--Retail:</u>			
FCX farm supply stores ²	34	942,264	839,198
Seed cleaning plants.....	23	58,761	35,203
Equipment in warehouses and plants ¹		915,950	673,275
General delivery trucks	165	412,083	185,508
Other facilities		67,108	61,107
Sub-total.....		2,396,166	1,794,291
Total		4,763,463	3,575,805

¹ Exclusive of seed cleaners and trucks.

² Represents stores operating in buildings owned by FCX.

In addition to these facilities, FCX and Southern States Cooperative, Inc., jointly manufacture feed in Norfolk and Roanoke, Va., and fertilizer in Norfolk, Va. The FCX investment in these facilities and in federations of regional cooperatives which operate manufacturing and wholesale facilities amounted to \$206,600.

On June 30, 1955, the FCX system had 591 employees. Of these, 128 were engaged primarily in general and administrative activities, 90 in manufacturing and processing operations, 71 in wholesale distribution including warehousing and transportation, 290 in retail distribution, and 12 in marketing.

M. F. A. Milling Company

The M. F. A. Milling Company, with headquarters in Springfield, Mo., was organized in 1923 and reorganized on its present basis in 1929. At the end of its operating year on June 30, 1955, it was serving 120 local M. F. A. farmer cooperative exchanges with approximately 85,000 farmer-members. In addition, through arrangements with regional supply cooperatives in Arkansas, Mississippi and Tennessee, and through direct arrangements with locals in Oklahoma, Kansas, Texas and Louisiana, farmers obtained feed from M. F. A. Milling Company at 204 local outlets in these 7 States.

The M. F. A. Milling Company, the largest regional purchasing association affiliated with the Missouri Farmers Association, is owned by local M. F. A. cooperatives in southern Missouri. The local cooperatives, in turn are owned by the M. F. A. members they serve. The M. F. A. Milling Company is organized on a nonstock, nonprofit plan, and is financed by patrons' equities. Half the board of directors is named by the local M. F. A. exchanges it serves, which constitute its Class B membership, and the other half is named by the State board of directors of the Missouri Farmers Association, which constitutes its Class A membership. None of the local co-ops are under management or supervision agreements with the M. F. A. Milling Company.

The M. F. A. Milling Company distributed supplies at wholesale during the years ended June 30, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 35,714,409	\$ 34,759,634
Seed	1,245,012	1,241,891
Total.....	36,959,421	36,001,525

The association had net margins available for distribution to patrons of \$1,557,235 in 1954 and \$1,728,550 in 1955. It distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash patronage refunds on current year's business.	\$ 1,557,235	\$ 728,550
Addition to membership equity reserves	1,000,000	1,000,000
Total.....	1,557,235	1,728,550

¹ Revised.

For several years the M. F. A. Milling Company, under its revolving capital plan, has paid out its entire savings for the year. The year ending June 30, 1955, was no exception and the total savings of \$1,728,550 were paid out. Of this amount, \$728,500 was applied on current year's equities, \$625,254 partially retired 1952 equities, and \$374,746 retired the balance of 1951 equities.

The following condensed statement shows the financial condition of the M. F. A. Milling Company on June 30, 1954 and 1955:

	1954	1955
Assets:		
Current assets	\$ 3,786,610	\$ 3,340,905
Fixed assets (net)	2,254,610	2,978,449
Other assets	85,947	112,394
Total	6,127,167	6,431,748
Liabilities and net worth:		
Current liabilities	887,837	1,015,870
Other liabilities	31,723	37,078
Net worth	5,207,607	5,378,800
Total	6,127,167	6,431,748

On June 30, 1955, operating facilities of the M. F. A. Milling Company consisted of the following:

Facilities	Number of plants or units	Cost value	Depre- ciated value
Mill buildings, machinery and equipment	2	\$ 4,167,513	\$ 2,978,449

The M. F. A. Milling Company, on June 30, 1955, had 428 employees-- 273 at Springfield and 155 at Aurora. Of these, 22 were engaged in general and administrative activities, 391 in manufacturing and processing operations, and 15 in wholesale distribution and field service work.

Washington Co-Operative Farmers Association

The Washington Co-Operative Farmers Association, with headquarters in Seattle, was organized in February 1917, as the Washington Co-operative Egg and Poultry Association. Its name was changed in February 1945 when it broadened its membership requirements and scope of services. The association is a centralized cooperative. During 1955, it served 43,792 member farmers located throughout Washington.

Anyone engaged in producing farm products in commercial quantities may become a member by paying a \$1 membership fee and 50 cents for the first year for a subscription to Washcoegg--the membership publication of the association. Those wishing to market products through the association must sign marketing agreements covering the specified commodities marketed.

Patrons are served through 40 branch stations located throughout Washington in addition to the facilities at headquarters in Seattle. Poultry and poultry products, feed, and general farm supplies are handled by all stations. Only 5 have petroleum bulk plants, but in the areas of the other branch stations, oil products are delivered to farmers by the association's tank trucks direct from bulk plants of its suppliers.

Washington Co-operative Farmers Association is an integrated organization which processes a large number of the products it markets and the supplies it distributes to members.

The value of supplies and equipment distributed to patrons during the association's fiscal years ended December 31, 1954 and 1955, was as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 21,634,858	\$ 20,912,128
Seed	360,370	424,515
Fertilizer.....	1,540,767	1,530,828
Petroleum	7,401,933	8,345,620
Other farm supplies and equipment ¹	2,332,070	2,282,452
Total	33,269,998	33,495,543

¹ Of the "other farm supplies and equipment", poultry and general equipment represented about 56 percent; building materials about 32 percent; and miscellaneous items the remaining 12 percent.

Feed volume represented 254,855 tons in 1954 of which 31,417 tons were delivered in bulk by 8 trucks; and 260,291 tons in 1955 of which 46,768 tons were delivered by 12 trucks.

The association was originally formed as an egg and poultry marketing association and this still is one of its major functions. The value of products it marketed for patrons in 1954 and 1955 was as follows:

<u>Products</u>	<u>1954</u>	<u>1955</u>
Egg and egg products.....	\$ 7,299,467	\$ 9,029,902
Dressed poultry	3,788,609	3,687,698
Dressed turkeys	2,049,104	2,112,705
Canned poultry and turkey	2,852,955	2,862,631
Seed	250,918	210,545
Total	16,241,053	17,903,481

Net margins available for distribution to patrons totaled \$2,631,207 in 1954 and \$2,935,769 in 1955. The association distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Interest on "finance fund" certificates.....	\$ 398,428	\$ 435,857
Extra payments on marketing and patronage re- funds on purchasing issued as "finance fund" certificates	2,157,903	2,077,036
Amounts placed in rotating reserve fund.....	74,876	422,876
Total	2,631,207	2,935,769

This cooperative declares separate rates of extra payments on a patronage basis in its egg, poultry, cannery, turkey, and seed marketing departments and a separate patronage refund rate in its feed, seed, fertilizer and farm supply departments.

As of January 2, 1955, the association retired in cash its 1949 issue of "finance fund" certificates amounting to \$1,517,510. On January 3, 1956, it retired its 1950 certificates in the amount of \$1,269,200. The association also retired prior years' rotating reserves totaling \$271,423 in 1954 and \$196,322 in 1955. The finance fund certificates have generally been revolved on a 6-year basis and the rotating reserves usually on a 6-year basis.

The financial condition of the Washington Co-operative Farmers Association on December 31, 1954 and 1955, is shown in the following consolidated balance sheet:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 10,557,257	\$ 10,594,528
Fixed assets (net).....	6,901,871	6,981,153
Other assets	753,648	633,121
Total	<u>18,212,776</u>	<u>18,208,802</u>
Liabilities and net worth:		
Current liabilities	2,849,881	2,054,347
Net worth (finance fund, reserve funds and undistributed operating margins)	15,362,895	16,154,455
Total	<u>18,212,776</u>	<u>18,208,802</u>

On December 31, 1955, approximately 89 percent of the association's net worth was represented by retained net operating margins or savings and the remainder by regular capital subscriptions on farm products marketed.

At the close of 1955, the principal facilities owned by the association were:

<u>Facilities</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Buildings and improvements to leased properties..	\$ 6,329,216	\$ 4,630,998
Land	282,261	282,261
Machinery, equipment and furniture	3,190,422	1,529,030
Trucks and automobiles	1,591,066	538,864
Total	<u>11,392,965</u>	<u>6,981,153</u>

In addition to these facilities, the association had \$140,131 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities.

On December 31, 1955, the association had 1,297 employees engaged in its general administrative activities, in manufacturing and processing, in wholesale distribution, in marketing farm products, and in purchasing farm supplies for producer members.

Midland Cooperatives, Inc.

Midland Cooperatives, Inc., with headquarters at Minneapolis, Minn., was organized on September 8, 1926. At the end of its operating year on August 31, 1955, it was serving 740 member associations with about 255,000 patrons, 95 percent of them farmers. It was also serving 150 nonmember-associations with about 15,000 patrons, 90 percent of them farmers. Sixteen of the local co-ops served were under management or supervision agreements with Midland. The association operates throughout Minnesota except for the Northeastern quarter of the State, throughout Wisconsin except for the extreme north, in northern Iowa, and in the extreme eastern parts of the Dakotas.

Midland Cooperatives, Inc., distributed supplies at wholesale during the fiscal years ending August 31, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u> (8 months ¹)	<u>1955</u>
Feed, flour, and middlings	\$ 1,934,905	\$ 2,562,817
Fertilizer.....	2,190,287	3,039,419
Seed.....	629,675	953,344
Petroleum products.....	14,319,199	21,652,524
Tires, tubes, and accessories	996,363	1,683,273
Farm machinery.....	45,414	11,271
Steel products.....	463,188	594,607
Paint and related products.....	131,719	128,790
Insecticides.....	193,374	200,716
Electrical equipment.....	490,488	705,924
Hardware and farm tools	324,161	411,439
Oil station equipment	99,213	156,385
Miscellaneous.....	19,039	15,104
Total.....	21,837,025	32,115,613

¹ Changed calendar year to fiscal year ending August 31.

Net margins available for distribution to patrons were \$568,392 in 1954 and \$919,712 in 1955. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on stock	\$ 81,993	\$ 113,952
Patronage refunds in capital stock.....	359,913	716,832
Amount retained in unallocated surplus.....	126,486	88,928
Total.....	568,392	919,712

No capital stock originally issued in payment of patronage refunds was retired during 1954 under a revolving capital plan of financing, but a total of \$151,200 was retired in 1955. The association has now retired all such stock through 1941 under its revolving program.

The financial condition of Midland Cooperatives, Inc., as of August 31, 1954 and 1955, is shown in the following statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 7,598,772	\$ 8,014,023
Fixed assets (net).....	5,716,649	5,318,814
Other assets	6,384,704	6,373,984
Total.....	19,700,125	19,706,821
Liabilities and net worth:		
Current liabilities	6,523,515	3,828,395
Other liabilities	2,748,823	4,895,234
Net worth (capital and reserves).....	10,427,787	10,983,192
Total.....	19,700,125	19,706,821

On August 31, 1955, Midland Cooperatives, Inc., owned and operated the following principal facilities:

<u>Facilities</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Crude oil property	\$ 3,022,129	\$ 411,796
Refinery (complete)	6,072,266	4,126,984
Oil blending plant and bulk petroleum plants and warehouses	786,732	469,562
Other properties	575,528	310,472
Total	10,456,655	5,318,814

Investments in other production and operating facilities owned jointly with other regional cooperatives or allied companies were as follows:

<u>Facilities</u>	<u>Amount invested</u>
Fertilizer, feed, soybean, and seed processing	\$ 2,073,861
Refineries and pipelines	3,519,047
Petroleum products terminal	90,000
Properties of National Cooperatives, Inc. (including milking machine factory)	374,930
Other investments	285,367
Total	6,343,205

On August 31, 1955, Midland Cooperatives, Inc., had 452 employees. Of these, 97 were engaged in general and administrative activities, 186 in manufacturing and processing operations, and 169 in wholesale distribution including warehousing and transportation.

Poultry Producers of Central California

The Poultry Producers of Central California, a centralized farmer cooperative with headquarters in San Francisco, Calif., was incorporated in October 1916 and began operating in January of the following year. Originally, its sole purpose was marketing eggs, but in 1926 its activities were expanded to include the manufacture and distribution of feeds for poultry, dairy and other types of livestock, and the marketing of poultry.

According to the bylaws, membership in this association is open to any agricultural producer. By resolution of the board of directors, applicants should be potential patrons of any or all departments of the association to the extent of \$500 a year. Continuation of active membership is contingent upon minimum patronage of any or all departments amounting to a minimum of \$100 annually. An initial membership fee of \$10 is refunded if or when a member withdraws from the association. Farmers may join at any time, but withdrawal is confined to an annual period specified in the membership agreement.

This association serves its 10,500 members through 52 branches and agencies located throughout the central coast and central valley counties of California north of Monterey and Merced Counties, respectively. All branches serve as receiving stations for members' eggs and distribution centers for the association's feeds. Poultry Producers owns and operates 9 egg packing plants and 6 feed mills.

Members of the association have always been required to sign an egg marketing agreement, by which the member agrees to market through the association all the eggs he produces other than those sold to hatcheries or retained for home or farm use. This agreement further provides that eggs be pooled according to grade, and members shall

receive weekly advance payments based upon volume, quality, and grade of eggs delivered to the association during the preceding week, followed by an annual deferred payment representing the difference between costs of marketing and handling and returns from the final sale of eggs. Patronage of the Feed and Poultry Departments has always been on a voluntary basis.

Volume of feed and supplies distributed to patrons by the association during the years ending December 31, 1954 and 1955, was as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 24,325,106	\$ 23,852,822
Petroleum products	1,930,834	2,012,138
Farm supplies and equipment	696,361	810,538
Total	<u>26,952,301</u>	<u>26,675,498</u>

Feed volume represented 282,032 tons in 1954 of which 34,129 tons were delivered in bulk by 12 trucks; and 291,636 tons in 1955 of which 64,139 tons were delivered in bulk by 19 trucks.

In addition to feeds and feedstuffs, members may purchase a wide range of farm supplies through the association. Principal supply items include aluminum roofing and siding, fencing materials, poultry house equipment, farm refrigeration equipment, tires and batteries, drugs, and insecticides. Petroleum products of a major oil company are distributed on a cooperative basis to members of the association by special agreement.

The volume of eggs marketed in 1954 was 1,832,756 cases with a sales value of \$25,013,886. Volume in 1955 was 1,887,548 cases with a sales value of \$27,453,493. The association's poultry marketing activities have been quite restricted.

The deferred payment to egg shippers and net margins of the Feed and Supply Department totaled \$3,047,420 in 1954 and \$3,031,680 in 1955. All deferred payments and net margins were allocated to patrons in proportion to patronage. The association distributed these payments and margins as follows:

<u>Distribution of deferred payments and net margins</u>	<u>1954</u>	<u>1955</u>
Egg deferred payments	\$ 411,420	\$ 558,037
Feed capital fund credits	2,186,000	2,103,195
Feed revolving fund credits	450,000	370,448
Total	<u>3,047,420</u>	<u>3,031,680</u>

Prior to 1924, Poultry Producers of Central California was financed by issuance of stock to the members. Subsequent to that year, revolving funds constituted its basis for capitalization. Separate capital revolving funds are maintained for the egg, feed, and poultry departments.

The feed capital fund provides for the normal capital requirements of the feed department. Members' credits in the feed and egg capital funds are represented by interest-bearing certificates. The feed revolving fund is non-interest-bearing and non-certificated; it has been set aside annually since 1941 as a special revolving reserve primarily to cushion sudden declines in feed inventory values. The egg capital fund has generally been revolved on a 2 1/2-year basis, the feed capital fund on a 2 1/2-year basis, the feed revolving fund on a 3-year basis. The general capital fund, created and maintained from the sale of general capital fund certificates to members, was established in 1953 and has not yet been revolved. The length of its revolving cycle is therefore indeterminate; it is anticipated, however, that this cycle will exceed that of the egg and feed capital funds.

During 1954, the association retired, in cash, revolving fund credits totaling \$4,164,308. In 1955, the amount retired totaled \$2,225,143.

Present value of members' equities (net worth) in Poultry Producers of Central California is indicated in the following condensed balance sheet, as of December 31, 1954 and 1955:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 10,123,024	\$ 11,087,315
Fixed assets (net).....	3,645,693	3,867,458
Other assets	104,524	107,280
Total	<u>13,873,241</u>	<u>15,062,053</u>
Liabilities and net worth:		
Current liabilities	2,870,179	3,378,218
Deferred liabilities	154,529	145,322
Net worth	10,848,533	11,538,513
Total	<u>13,873,241</u>	<u>15,062,053</u>

At the close of 1955, the principal facilities owned by the association were:

<u>Facilities</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Land	\$ 434,682	\$ 434,682
Buildings, improvements, leasehold improvements	2,927,879	1,826,244
Autos and trucks.....	1,130,248	367,747
Egg department equipment.....	471,696	186,380
Feed department equipment.....	1,908,657	767,993
Facilities under construction.....	200,933	200,933
Other.....	380,192	83,479
Total	<u>7,454,287</u>	<u>3,867,458</u>

During the year 1955, the association employed an average of 1,175 men and women. Of these employees, 170 were engaged in general and administrative (80) activities; approximately 285 devoted a major portion of their time to operations of the feed and supply department; approximately 460 were employed in the work of the egg department and in handling poultry; and 260 were jointly employed by the feed and supply and the egg departments as warehousemen, truck drivers, clerks, accountants, and related occupations.

Pennsylvania Farm Bureau Cooperative Association

The Pennsylvania Farm Bureau Cooperative Association, with headquarters at Harrisburg, was organized in 1934. At the close of 1955, it was serving 34 member associations operating on a county-wide basis with 72,000 patrons, 95 percent of them farmers. Three of the county associations were under management and financing arrangements with the State association. Supplies also were distributed by 18 private dealer agents and 4 farmer fertilizer agents who operated directly through the Farm Bureau Cooperative Distribution Association, Harrisburg, Pa. During 1955, it had 3,000 patrons, approximately 95 percent of them farmers. The total service area of the State association comprises 53 counties in Pennsylvania.

This regional cooperative distributed supplies at wholesale for the years ending December 31, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 9,488,722	\$ 7,607,713
Fertilizer.....	2,695,784	2,764,523
Seed	1,151,862	1,290,182
Petroleum products.....	6,594,505	6,857,166
Tires, tubes, and other accessories.....	190,600	323,324
Farm machinery and parts.....	389,718	394,685
Farm equipment.....	755,765	809,914
Steel products.....	718,532	752,020
Lumber, paint, and other maintenance equipment ..	162,711	177,979
Insecticides.....	458,390	515,772
Electrical equipment and appliances	207,935	220,106
Twine	263,740	251,897
Chicks.....	452,816	405,639
Total.....	23,531,080	22,370,920

The value of grain marketed by the association was \$953,070 in 1954 and \$756,430 in 1955.

Net margins available for distribution to patrons totaled \$472,063 in 1954 and \$462,218 in 1955. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1954¹</u>	<u>1955</u>
Cash dividends on stock	\$ 185,134	\$ 91,653
Patronage refunds in capital stock.....	245,624	330,291
Additions to capital reserves.....	41,305	40,274
Total.....	472,063	462,218

¹ Revised.

Of these total net margins, almost 100 percent in both 1954 and 1955 was derived from farm supply operations and the remainder from marketing operations.

Beginning December 31, 1954, common stock was adjusted to the basis of use made of the association; that is, a member cooperative doing 10 percent of the association's business would hold 10 percent of its outstanding common stock. This plan replaces revolving entire amounts of capital stock issued in payment of patronage refunds for specified years under a revolving capital plan of financing.

The financial condition of the Pennsylvania Farm Bureau Cooperative Association on December 31, 1954 and 1955, is shown as follows:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 3,594,085	\$ 3,430,597
Fixed assets (net).....	1,331,633	1,282,436
Other assets	3,381,978	3,871,506
Total.....	8,307,696	8,584,539

	1954	1955
Liabilities and net worth:		
Current liabilities	\$ 729,314	\$ 1,061,799
Other liabilities	1,022,861	1,088,007
Net worth (capital and reserves).....	6,555,521	6,434,733
Total.....	8,307,696	8,584,539

On December 31, 1955, the principal operating facilities of the Pennsylvania Farm Bureau Cooperative Association consisted of the following:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Feed mill.....	1	\$ 530,531	\$ 346,952
Seed cleaning plant.....	1	156,872	89,225
Wholesale farm supply warehouses	2	296,667	174,728
Office building.....	1	367,082	245,163
Transport trucks and trailers.....	21	103,547	29,414
Hatcheries.....	3	202,185	130,448
Poultry breeding farms	2	194,863	150,453
Automobiles.....	54	97,409	68,449
Total.....		1,949,156	1,234,832

In addition to these facilities, the association held investments of \$3,241,533 in federations of regional cooperatives and allied companies which owned various manufacturing and wholesaling facilities.

On December 31, 1955, the Pennsylvania Farm Bureau Cooperative Association had 280 employees. Of these, 162 were engaged in general and administrative activities, 68 in manufacturing and processing operations, and 50 in wholesale distribution including warehousing and transportation.

Farm Bureau Services, Inc.

The Farm Bureau Services, Inc., with headquarters at Lansing, Mich., was organized on October 25, 1929, to provide a cooperative wholesale supply service for farmer cooperatives in Michigan. At the end of its fiscal year on August 31, 1955, this cooperative provided supply service for some 100,000 patrons through its 153 member associations, 22 nonmember associations, 15 branch retail outlets, and 160 private dealer outlets. Farmers represented approximately 90 percent of the patrons of the retail outlets. Farm Bureau Services, Inc., managed 17 of the member associations under management contracts.

This regional's wholesale division distributed supplies for the fiscal years ending August 31, 1954 and 1955,⁵ as follows:

⁵Beginning January 1, 1949, the distribution of petroleum products was handled through a separate corporation, the Farmers Petroleum Cooperative, Inc. Its volume of business for the year ended August 31, 1954, was \$4,581,594 and net savings totaled \$200,457. This compared with a volume of \$4,766,506 and savings of \$149,489 for the year ended August 31, 1955.

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 4,457,600	\$ 4,005,611
Fertilizer.....	3,992,457	5,750,714
Seed.....	1,337,856	1,390,101
Steel products.....	1,214,677	1,283,281
Lumber, paint, and other maintenance equipment ..	147,461	113,263
Insecticides	311,181	393,488
Coal.....	101,839	105,404
Farm machinery and equipment	1,388,477	561,496
Total.....	12,951,548	13,603,358

This wholesale volume included the value of supplies transferred to its own retail branch outlets amounting to \$3,552,499 in 1954 and \$3,499,783 in 1955.

In addition to the central office wholesale supply operations, the retail value of supplies distributed through branch outlets owned by the association amounted to \$6,411,604 in 1954 and \$6,360,629 in 1955.

While Farm Bureau Services, Inc., is primarily a farm supply purchasing cooperative, it marketed farm products during the years ending August 31, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Grain.....	\$ 1,345,617	\$ 1,574,125
Beans	528,829	384,777
Eggs and poultry.....	84,900	67,626
Total.....	1,959,346	2,026,528

Total net margins available for distribution to patrons from all operations totaled \$31,401 in 1954 and \$38,952 in 1955. These net margins were distributed as follows:

<u>Distributions of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on stock	\$ 28,745	\$ 28,587
Retained in reserves.....	2,656	10,365
Total.....	31,401	38,952

Stock or certificates amounting to \$122,900, originally issued in payment of patronage refunds, were retired during 1954. The amount retired in 1955 was \$53,654. The association has now retired all such stock or certificates through 1942 under its revolving capital plan.

The financial condition of Farm Bureau Services, Inc., as of August 31, 1954 and 1955, is shown by the following condensed financial statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 4,302,858	\$ 4,051,873
Fixed assets (net).....	3,828,294	3,579,226
Other assets	747,279	741,016
Total.....	8,878,431	8,372,115

Liabilities and net worth:		1954	1955
Current liabilities	\$	1,458,638	\$ 1,249,362
Other liabilities ¹		4,850,340	4,603,630
Net worth or member and patron equities.....		2,569,453	2,519,123
Total		8,878,431	8,372,115

¹ Includes liability on debentures as follows:		1954	1955
4 percent - 10-year debentures	\$	597,380	\$ 595,180
3 percent - 15-year debentures		610,670	597,090
5 percent - 15-year debentures		2,138,790	2,196,360
Total		\$3,346,840	\$3,388,630

Value of the principal operating facilities owned on August 31, 1955, was as follows:

Facilities	Number of plants or units	Cost value	Depre- ciated value
Wholesale farm supply warehouses ¹	6	\$ 398,829	\$ 299,608
Seed cleaning plant.....	1	80,511	39,217
Retail farm supply branches ¹	15	1,212,157	884,758
General delivery truck and cars	47	98,279	36,513
Portable feed mixing units	5	81,460	45,522
Office equipment		155,822	57,665
Transportation department trucks and trailers, tractor-trailer units.....	11	141,606	65,965
Temporary office building	1	21,162	5,155
Bulk petroleum plants ²	3	30,883	8,294
Dust plant (mixing equipment only).....	1	9,788	3,801
Fertilizer manufacturing plants	2	2,783,878	2,095,892
Retail gasoline station and garage (leased).....	1	51,999	36,836
Total		5,066,374	3,579,226

¹ Six of these units are combination wholesale and retail units. Cost and depreciated value have been divided according to use.

² One plant is leased to a local association managed by Farm Bureau Services, Inc.

In addition to these facilities, Farm Bureau Services had \$478,100 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities.

At the end of its fiscal year on August 31, 1955, Farm Bureau Services, Inc., had 372 employees. Of these, 50 were engaged in general administrative activities, 68 in manufacturing and processing operations, 54 in wholesale distribution, 145 in retailing and marketing, and 55 in handling contractual services for the affiliated Michigan Farm Bureau.

Pacific Supply Cooperative

The Pacific Supply Cooperative, (P.S.C.), with headquarters at Walla Walla, Wash., was organized December 19, 1933. At the close of its operating year, June 30, 1955, it was serving 127 member associations in Oregon, Washington, Idaho, and northwestern Wyoming. Patrons of these associations numbered 60,000 and 95 percent were farmers. It also served 120 nonmember associations. None of the local co-ops served was under management or supervision agreements with P.S.C.

P.S.C. distributed supplies at wholesale during the fiscal years ending June 30, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed and grain	\$ 898,303	\$ 663,882
Fertilizer	3,030,198	3,317,303
Seed	143,741	201,121
Gas, oil, grease, and fuel oil	11,257,186	11,519,783
Tires, tubes, and other accessories	666,729	704,884
Farm machinery and parts	473,856	480,253
Lumber, paint, steel products, and other maintenance equipment	552,570	670,662
Insecticides and chemicals	491,620	534,240
Electrical equipment and appliances	113,984	126,882
Hardware	296,773	336,573
Farm appliances and irrigation supplies	770,271	701,195
Miscellaneous supplies and service revenues	10,350	13,509
Total	18,705,581	19,270,287

Pacific Supply Cooperative also marketed farm products in 1954 and 1955 as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Seed	\$ 2,912,367	\$ 2,480,887
Grain	2,526,868	1,622,826
Total	5,439,235	4,103,713

The association had a net loss of \$116,642 in its fiscal year ended in 1954. It had total net savings available for distribution to patrons of \$60,354 in 1955. These net margins or losses were distributed as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Patronage refunds:		
Cash	-	\$ 18,250
Capital reserve certificates	-	35,782
Common stock and credits	-	6,322
Amount retained in reserves	-\$116,642	-
Total	116,642	60,354

The association reported that certificates originally issued as patronage refunds and totaling \$186,298 were retired in its 1953-54 fiscal year and others totaling \$217,098 were retired in 1954-55. The association now has retired all such certificates through 1945 under its revolving capital plan.

The financial condition of the Pacific Supply Cooperative on June 30, 1954 and 1955, is shown in the following condensed financial statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 4,068,312	\$ 4,190,478
Fixed assets (net)	2,186,897	2,018,734
Other assets and investments	1,418,801	1,462,368
Total	7,674,010	7,671,580

	1954	1955
Liabilities and net worth:		
Current liabilities	\$ 1,206,290	\$ 1,241,115
Other liabilities	22,440	49,802
Net worth or member and patron equities	6,445,280	6,380,663
Total	7,674,010	7,671,580

On June 30, 1955, the Pacific Supply Cooperative owned and operated the following principal facilities:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouses	3	\$ 158,073	\$ 76,760
Seed and feed plants.....	5	704,856	341,827
Chemical and fertilizer plants.....	5	356,964	203,824
Transport trucks	17	425,361	125,667
Office	1	118,999	47,351
Leased oil facilities and owned equipment		1,380,655	1,083,171
Other facilities		143,658	140,134
Total		3,288,566	2,018,734

In addition, the association held investments of \$116,165 in federations of regional cooperative associations which operated manufacturing and wholesaling facilities.

On June 30, 1955, the Pacific Supply Cooperative had 251 employees. Of these, 62 were engaged in general administrative activities, 30 in manufacturing and processing operations, 91 in wholesale distribution, and 68 in marketing farm products.

Iowa Farm Supply Company

The Iowa Farm Supply Company with headquarters in Des Moines was organized in 1954. It was formed by the merger of Iowa Farm Serum Company, organized in 1940, with Iowa Farm Service Company, organized in 1927 to handle petroleum products, Iowa Plant Food Company, organized in 1946, and Iowa Plant Food Manufacturing Company, organized in 1948. At the end of its fiscal year, July 31, 1955, Iowa Farm Supply Company was providing manufacturing and wholesale service for 77 member service companies which served 99 counties. These member companies in turn served about 60,000 patrons of whom approximately 95 percent were farmers.

Each member company is required to own one \$100 share of Class A common stock for membership purposes. Class B common stock and preferred stock are used for financing purposes. Class A stock carries voting privilege but Class B and preferred stock are nonvoting. Iowa Farm Bureau Federation also holds voting shares of stock of Iowa Farm Supply Company. The same board of directors governs both organizations and they are elected by districts for terms of 3 years. Iowa Farm Bureau Federation also holds voting shares of stock in the member companies. Membership in these county companies is limited to Farm Bureau members. There is a membership agreement between Iowa Farm Supply Company and its member companies which clearly defines the responsibilities of each. Iowa Farm Supply Company sells only to its member companies.

Value of supplies distributed at wholesale by Iowa Farm Supply Company during its fiscal years ended July 31, 1954 and 1955, follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Fertilizer.....	\$ ¹ 7, 243, 484	\$ 6, 951, 344
Petroleum products.....	² 8, 473, 318	10, 391, 662
Tires, tubes and accessories	² 110, 586	148, 542
Serum products.....	³ 535, 470	679, 861
Insecticides and weed killers.....	² 282, 951	376, 010
General farm supplies	² 333, 913	607, 691
Total.....	16, 979, 722	19, 155, 110

¹Represents 13 months due to consolidation of companies.

²Represents 11 months due to consolidation of companies.

³Represents 7 months due to consolidation of companies.

Total net margins from manufacturing, wholesaling, and transportation operations available for distribution to patrons amounted to \$750,660 in fiscal 1954 and \$865,834 in 1955. Distribution of these net margins was as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on capital stock.....	\$ 27, 349	\$ 26, 544
Patronage refunds:		
Cash	267, 819	370, 510
Capital stock.....	267, 818	370, 509
Undistributed savings	187, 674	98, 271
Total.....	750, 660	865, 834

The financial condition of Iowa Farm Supply Company on July 31, 1954 and 1955, is shown by the following condensed statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 3, 043, 223	\$ 2, 783, 804
Fixed assets (net).....	923, 199	1, 007, 599
Other assets	3, 216, 057	3, 408, 646
Total.....	7, 182, 479	7, 200, 049
Liabilities and net worth:		
Current liabilities	1, 590, 410	1, 477, 061
Other liabilities	4, 601, 742	4, 350, 350
Net worth or member equities	990, 327	1, 372, 638
Total.....	7, 182, 479	7, 200, 049

The company does not use the revolving capital plan of financing. In addition to capital stock and undistributed savings, a large part of the needed capital has been obtained by the sale of debenture bonds to Farm Bureau members in Iowa.

Type and value of the principal facilities owned by the Iowa Farm Supply Company on July 31, 1955, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Fertilizer plants.....	2	\$ 1,151,825	\$ 692,069
Petroleum transport trucks.....	13	288,274	235,408
Other facilities.....	--	136,876	90,122
Total.....		1,576,975	1,017,599

In addition to these facilities, Iowa Farm Supply Company had \$3,317,993 invested in securities and deferred patronage refunds of federations of regional cooperatives which operated various refining, producing, manufacturing, and wholesaling facilities. These investments are included in "other assets" in the preceding financial statement of the company.

The Iowa Farm Supply Company had 128 employees on July 31, 1955, of which 58 were engaged in general and administrative activities, 48 in manufacturing operations, and 22 in wholesale distribution including transportation and warehousing.

Poultrymens Cooperative Association of Southern California

The Poultrymens Cooperative Association of Southern California (PCA), with headquarters in Los Angeles, was organized in January 1931. It was formed to acquire most of the physical assets and business of cooperative egg marketing and poultry feed milling associations owned by poultrymen in the area. PCA is a centralized cooperative which had 2,247 members on March 31, 1955. It serves an area comprising most of eight counties in the vicinity of Los Angeles. All but 1 percent of its business was done with members in 1955.

Any person, company, corporation, or partnership engaged in poultry and egg production is eligible for membership, provided the operator has a project consisting of 400 laying hens or its equal. The membership fee is \$10. Each member has a minimum of 1 vote and receives an additional vote for each \$5,000 of yearly business with the association up to a maximum of 5 votes. PCA has 9 directors, 8 elected by districts and 1 elected at large. Each district has an informal local organization which functions in an advisory capacity to PCA, and as an educational agency for its members.

Feed and supply patrons are served through eight branch plants in addition to the headquarters facilities. The central plant at Los Angeles consists of complete feed manufacturing and pelleting equipment, bulk grain storage, bulk feed delivery equipment, an egg handling department, central supply department, and general offices. All branches except three have feed manufacturing facilities. Two are retail stores, and one serves as an agency for handling PCA feeds. Bulk feed delivery is available in all districts. Eggs are candled and sold at the Los Angeles central plant and at the Atascadero branch. They also are sold at the Ventura branch station.

PCA distributed supplies and equipment to patrons during the fiscal years ended March 31, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 13,851,712	\$ 14,170,469
Miscellaneous supplies.....	407,680	299,605
Total.....	14,259,392	14,470,074

Feed volume in 1955 represented 163,347 tons, with about 65 percent delivered in bulk by 31 specially equipped feed trucks operated by the association. This compared with 155,315 tons in 1954, of which 52 percent was delivered in bulk by 28 trucks.

PCA has always performed egg marketing services for its members. Sales of eggs totaled \$3,194,462 during fiscal 1954 and \$2,616,855 during 1955. A total of 6,690,446 dozen was marketed in 1955.

Net margins available for distribution to patrons totaled \$1,167,048 in 1954 and \$1,162,341 in 1955. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Patronage refunds:		
Cash	\$ 803,624	\$ 783,363
Revolving fund credits.....	350,734	370,731
Additions to general reserves	12,690	8,247
Total	<u>1,167,048</u>	<u>1,162,341</u>

Net margins, or savings, are computed separately for the feed, supply, and egg departments and returned to all members on a patronage basis with the same rates declared for all branches. During 1955, about 69 percent of the feed and supply department overages on member business was paid as a cash refund, and the remaining 31 percent plus the entire egg department overage, which is small because of the policy of advances to members, was retained in the revolving fund.

During fiscal 1954, PCA retired in cash revolving fund credits for the 1946-47 fiscal year totaling \$70,937. During 1955, it retired credits of \$260,912 for the 1947-48 fiscal year.

PCA has a system of financing that is somewhat unusual for most areas except the West. Practically all of its member capital is represented by a 7-year revolving fund. Capital is accumulated by retaining capital overcharges or markups on feed and supplies which are added to the billing prices to members, and by retaining a fixed percent of the returns received for products marketed for members. These capital overcharges or retains are represented by the "revolving fund credits" shown in the "distribution of net margins" section of this report.

Mixed feed is the foundation of PCA's capital structure. Prices are determined weekly, based on replacement value of the feed ingredients plus estimated cost of milling, distribution, and general administrative expense. To this is added a capital overcharge, which in recent years has been 25 cents per 100 pounds. Of this 25-cent capital markup, about half is regularly placed in the revolving fund structure and the remainder is used essentially as protection against losses from inventory declines. If, however, inventory appreciation occurs, about 12 1/2 cents per 100 pounds, plus the inventory-gain, plus any savings made in achieving costs under original estimates are returned as cash patronage refunds.

The financial condition of PCA on March 31, 1954 and 1955, is shown in the following condensed statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 2,503,320	\$ 2,299,393
Fixed assets (net).....	1,124,947	1,294,234
Other assets	72,292	159,349
Total	<u>3,700,559</u>	<u>3,752,976</u>
Liabilities and member equities:		
Current liabilities	1,226,646	1,156,909
Other liabilities	12,482	17,069
Member equities or net worth.....	2,461,431	2,578,998
Total	<u>3,700,559</u>	<u>3,752,976</u>

On March 31, 1955, principal operating facilities owned by PCA were as follows:

<u>Facilities</u>	<u>Number of plants</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Central feed mill, supply department, egg handling facilities, and general office	1	\$ 770,925	\$ 302,572
Branch stations and mills.....	7	1,104,252	722,560
Automobiles and trucks	8	559,421	269,102
Total.....		2,434,598	1,294,234

In addition to these facilities, PCA had \$6,486 invested in other regional cooperatives which operate various manufacturing or processing facilities.

On March 31, 1955, PCA had 304 full-time employees. Of these 40 were engaged in general and administrative activities, 216 spent a majority of their time in feed and supply operations, and 48 spent most of their time in egg marketing operations.

Central Cooperative Wholesale

The Central Cooperative Wholesale, often referred to as C.C.W., with headquarters at Superior, Wis., was organized on September 16, 1917. At the close of its operating year on November 31, 1955, it was serving 222 member and 53 nonmember cooperatives in the northern parts of Michigan, Wisconsin, Minnesota and in some parts of North and South Dakota. These cooperative outlets served approximately 100,000 patrons, 75 per cent of them farmers. None of these local cooperatives were operating under management or supervision agreements with C.C.W.

This association distributed supplies at wholesale during fiscal years ended November 30, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 2,680,439	\$ 2,425,532
Fertilizer.....	201,000	240,000
Seeds.....	145,000	155,000
Petroleum products.....	1,778,117	1,852,202
Tires, tubes, and other accessories.....	293,182	351,179
Steel products.....	125,978	141,414
Lumber, paints, and other maintenance equipment .	336,601	339,567
Insecticides	27,903	24,483
Electrical equipment and appliances	495,394	558,413
Farm machinery.....	75,904	33,540
Hardware	345,525	412,815
Twine.....	59,548	39,121
Coal	58,320	63,723
Groceries	3,591,541	4,053,709
Fresh fruits and vegetables	449,798	493,343
Bakery products.....	344,952	364,386
Coffee	467,024	413,636
Clothing	732,627	715,666
Total.....	12,208,853	12,677,729

Net margins available for distribution to patrons totaled \$290,824 in fiscal 1954 and \$292,058 in 1955. These net savings were distributed as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Interest on capital stock.....	\$ 31,204	\$ 28,825
Patronage refunds in capital stock.....	234,620	239,327
Unallocated surplus.....	25,000	23,906
Total.....	290,824	292,058

Stocks or certificates amounting to \$117,500, originally issued in payment of patronage refunds, were retired during 1954 and \$101,600 in 1955. The association has now retired all such stock or certificates through 1940 under its revolving capital plan.

The financial condition of C.C.W. on November 30, 1954 and 1955, is shown in the following statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 2,161,037	\$ 2,200,226
Fixed assets (net).....	491,456	471,972
Other assets	1,221,172	1,224,918
Total.....	3,873,665	3,897,116
Liabilities and net worth:		
Current liabilities	336,062	318,602
Long-term notes.....	325,420	358,420
Net worth (capital and reserves).....	3,212,183	3,220,094
Total.....	3,873,665	3,897,116

On November 30, 1955, principal facilities owned and operated by C.C.W. consisted of the following:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Land		\$ 24,416	\$ 24,416
Warehouse and office (buildings and equipment)	4	483,362	279,332
Bakery (building and equipment)	1	102,234	20,581
Coffee roasting plant (equipment)	1	20,976	7,241
Feed mill (building and equipment)	1	167,615	55,951
Garage and delivery equipment.....	2	205,695	81,551
Oil plant building	1	6,510	500
Other (Duluth)	1	8,362	2,400
Total.....		1,019,170	471,972

In addition to these facilities, C.C.W. had \$1,224,918 invested in federations of regional cooperatives operating various manufacturing and wholesaling facilities.

On November 30, 1955, C.C.W. had 187 employees. Of these 85 were engaged in general and administrative activities; 38 in manufacturing and processing operations; and 64 in wholesale distribution, including warehousing and transportation.

Arkansas Farmers Association

The Arkansas Farmers Association (A.F.A.), formerly Arkansas Farm Bureau Cooperative, with headquarters at North Little Rock, Ark., was organized in 1945. The association--through 48 local member associations which operated 55 retail outlets, 8 nonmember local cooperatives, 5 private dealers handling various supplies, and approximately 300 private fertilizer dealers--serves approximately 70,000 farmers. None of the member co-ops were under management or supervision agreements with A.F.A.

This cooperative distributed supplies at wholesale during fiscal years ended May 31, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed (direct and warehouse).....	\$ 6,325,757	\$ 7,321,326
Seed.....	548,350	527,050
Insecticides.....	77,836	118,535
Fertilizer.....	2,300,314	1,627,187
Baby chicks.....	951,896	945,372
Petroleum products.....	510,862	589,304
General farm supplies.....	229,833	242,443
 Total.....	 10,944,848	 11,371,217

The association had net savings available for distribution to patrons of \$83,746 in 1954 and \$62,329 in 1955.⁶ The net margins were distributed as follows:

<u>Distribution of net margins⁶</u>	<u>1954</u>	<u>1955</u>
Dividends on preferred stock.....	\$ 16,796	\$ 16,717
Cash patronage refunds.....	-0-	11,229
Patronage refunds in certificates of equity.....	53,560	15,271
Retained in capital reserves.....	13,390	19,112
 Total.....	 83,746	 62,329

The association retired, in cash or by application on receivables, certificates of equity amounting to \$133,784 in 1953-54 and \$167,272 in 1954-55 under a revolving capital plan. It has now retired practically all such equities issued prior to 1951 and about 53 percent of those issued in 1951.

The financial condition of Arkansas Farmers Association on May 31, 1954 and 1955, is shown in the following condensed financial statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets.....	\$ 711,842	\$ 952,095
Fixed assets (net).....	260,532	265,815
Other assets.....	488,462	318,435
Investments.....	17,251	17,251
 Total.....	 1,478,087	 1,553,596
Liabilities and net worth:		
Current liabilities.....	279,702	517,798
Other liabilities.....	90,867	55,195
Net worth or member and patron equities.....	1,107,518	980,603
 Total.....	 1,478,087	 1,553,596

⁶Does not include \$68,037 of patronage refunds from M.F.A. Milling Co. in 1953-54 and \$156,203 in 1954-55 channeled through A.F.A. trust account for distribution to local cooperatives.

Facilities owned and operated by A. F. A. at the close of its 1955 fiscal year included:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Farm supply warehouse, equipment, land and office	1	\$ 102,392	\$ 75,862
Hatcheries--complete	3	161,387	109,219
Breeder farm	1	79,995	70,944
Autos and trucks	15	23,393	9,790
Total		367,167	265,815

In addition, on May 31, 1955, A. F. A. had \$311,207 of investments and patrons' equities in regional cooperatives and federations of regionals which were operating various manufacturing facilities.

On May 31, 1955, the Arkansas Farmers Association had 60 employees, of which 40 were engaged in general and administrative activities, 10 in wholesale distribution including warehousing; and 10 in hatchery and other poultry operations.

Tennessee Farmers Cooperative

The Tennessee Farmers Cooperative, La Vergne, was organized September 27, 1945. At the end of 1955, it was serving 88 county cooperatives in Tennessee, 76 of them members. These associations served about 120,000 patrons, 99 percent of them farmers. None of the locals are under management and financing arrangements with the State association.

Membership may be obtained by purchasing one \$100 share of common stock and agreeing to provisions of the bylaws. Each member association has only one vote. The State association has 8 directors elected by districts for 3-year terms. Tennessee Farmers Cooperative is independent of Tennessee Farm Bureau Federation, but frequently one or more directors may be on the board of both organizations. The same relationship exists among the county farm bureau cooperatives and the county farm bureaus.

The Tennessee Farmers Cooperative distributed supplies at wholesale during fiscal years ended December 31, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 1,650,345	\$ 1,489,057
Fertilizer	4,864,227	4,699,091
Seed	1,529,934	1,737,407
Building supplies	460,232	769,632
Petroleum products	408,781	1,264,517
Other	107,790	109,902
Total	9,021,309	10,069,606

Net margins available for distribution to patrons totaled \$410,573 in 1954 and \$330,072 in 1955. The association distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on stock	\$ 40,651	\$ 60,650
Amount retained in capital reserves	369,922	269,422
Total	410,573	330,072

In addition to net margins available for distribution to patrons at the end of 1955, \$336,244 in cash was paid out during the year to the county co-ops on special performance programs. The amount of such refunds in 1954 was \$122,000.

This association operates on a revolving capital plan. Member equities retired in cash in 1954 totaled \$84,145; none were retired in 1955. Member equities have now been retired through 1950.

The financial condition of Tennessee Farmers Cooperative on December 31, 1954 and 1955 is shown in the following condensed financial statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 1,517,843	\$ 1,330,830
Fixed assets (net).....	809,399	780,505
Other assets	296,703	266,566
Total	<u>2,623,945</u>	<u>2,377,901</u>
Liabilities and net worth:		
Current liabilities	1,006,013	540,723
Other liabilities	162,922	17,235
Net worth or member and patron equities.....	1,455,010	1,819,943
Total	<u>2,623,945</u>	<u>2,377,901</u>

On December 31, 1955, about 70 percent of the association's net worth was represented by stock sales and the remaining 30 percent had been accumulated through retained allocated reserves.

The operating facilities owned by Tennessee Farmers Cooperative on December 31, 1955, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Fertilizer plants (including rail sidings and land).....	2	\$ 629,594	\$ 431,859
Seed plant.....	1	116,248	98,933
Warehouses	3	212,224	188,398
Trucks	5	21,911	13,271
Other machinery.....		73,408	48,045
Total		<u>1,053,385</u>	<u>780,506</u>

As of December 31, 1955, Tennessee Farmers Cooperative had 106 employees. Of this number 31 were engaged in general and administrative activities, 52 in manufacturing or processing supplies, and 23 in wholesale distribution including warehousing and transportation.

Farmers Union State Exchange

The Farmers Union State Exchange, with headquarters at Omaha, Nebr., was organized in 1914. On September 30, 1955, it was serving 371 member associations with 70,000 patrons, 95 percent of them farmers. None of the member co-ops were under management and financing agreements with the Exchange. Through 38 private dealers, it reached an additional 5,000 patrons, 95 percent of them farmers. The association also owned and operated 6 retail farm supply stores and 1 retail bulk petroleum plant which served 2,300 patrons, 85 percent of them farmers. The Exchange operates only in Nebraska.

Membership in the Exchange may be obtained by purchasing a \$12.50 share of common stock and agreeing to provisions of the bylaws. Each member cooperative has only one vote. The Exchange has 7 directors elected by districts for 3-year terms. Farmers Union State Exchange is independent of Nebraska Farmers Union.

The Exchange distributed supplies at wholesale during fiscal years ended on September 30, 1954 and 1955, as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed, seed, fertilizer, insecticides	\$ 306,012	\$ 552,181
Gas, oil, and grease	4,202,456	4,592,824
Tires, tubes, and other accessories	186,552	226,309
Farm machinery and hardware	596,618	430,492
Farm equipment and fencing	269,206	230,260
Paint	45,251	38,818
Twine	16,743	7,025
Coal	78,545	78,966
Groceries	310,350	231,338
Clothing	13,884	21,403
Roofing	69,648	57,796
Miscellaneous	3,639	3,503
Total	6,098,904	6,470,915

The Farmers Union State Exchange also had retail sales of \$1,185,349 in 1954 and \$907,594 in 1955.

Total net margins available for distribution to patrons from all operations were \$280,172 for fiscal 1954 and \$431,704 for 1955. The association distributed these net margins in the following manner:

"Earnings received from manufacturing cooperatives are paid in the same form as received. All earnings from wholesale brokerage and merchandising operations are paid one-half in shares of stock and one-half in ten-year patronage dividend notes."

<u>Distribution of net margins</u>	<u>1954</u>	<u>1955</u>
Cash dividends on stock	\$ 24,703	\$ 25,401
Patronage refunds allocated as member equities ...	255,469	406,303
Total	280,172	431,704

During fiscal 1954, patronage dividend notes and debentures amounting to \$100,000, originally issued in payment of patronage refunds, were retired in cash. The amounts retired in fiscal 1955 totaled \$155,000. Retirement of these member equities is not on a definite revolving schedule but entirely at the discretion of the board of directors and the shareholders.

The financial condition of Farmers Union State Exchange on September 30, 1954 and 1955, is shown in the following condensed statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 1,387,209	\$ 1,338,275
Fixed assets (net)	215,607	192,170
Other assets	1,759,878	1,850,465
Total	3,362,694	3,380,910

	<u>1954</u>	<u>1955</u>
Liabilities and net worth:		
Current liabilities	\$ 533,562	\$ 342,864
Other liabilities	485,403	480,945
Net worth or member and patron equities.....	2,343,729	2,557,101
	<hr/>	<hr/>
Total	3,362,694	3,380,910

On September 30, 1955, the association had principal operating facilities as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Office building and warehouse	1	\$ 157,963	\$ 58,077
Lubricating oil compounding plant	1	179,500	71,167
Transport trucks	6	65,503	5,692
General delivery trucks	13	17,771	3,634
Locker plant	1	9,309	415
Truck garages.....	2	8,341	2
Retail farm supply stores.....	2	60,570	36,541
Retail bulk petroleum plant	1	7,685	1
		<hr/>	<hr/>
Total		506,642	175,529

In addition to these facilities, Farmers Union State Exchange had \$1,842,700 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities.

At the close of its 1955 fiscal year, the Exchange had 162 employees. Of these, approximately 23 were engaged in general and administrative activities, 28 were in manufacturing or processing operations, 53 were in wholesale distribution including warehousing and transportation, and 58 were in retail distribution.

Southern Farm Supply Association ⁷ formerly Consumers Cooperatives Associated

The Southern Farm Supply Association, formerly Consumers Cooperatives Associated (CCA), with headquarters at Amarillo, Tex., was organized in 1930. On October 31, 1954, it was serving 228 member associations and 3 nonmember organizations. These associations had approximately 90,000 patrons, with about 98 percent of them farmers. None of the locals were under management and financing agreements with SFSA. The association operates mainly in Texas, but serves New Mexico, the southern and southwestern parts of Oklahoma, and supplies a few locals in Arkansas.

This organization has one wholly-owned subsidiary--Cooperative Producing Association--which produces crude oil near Caprock, New Mex.

On January 26, 1955, the association put into operation its new fertilizer plant at Sulphur Springs, Tex., which produces high analysis granular fertilizers under an improved process. This plant has a capacity of 85,000 tons a year of mixed fertilizers, ranging from 5-10-5 to 12-24-12 grades. In addition, the plant also has a phosphate unit with a capacity of 30,000-40,000 tons a year of 20 percent superphosphate.

⁷ The corporate name was changed by action of the shareholders in their meeting on March 6, 1956, to Southern Farm Supply Association. The official change in name was legally approved on May 22, 1956. No major changes were made in finance structure or organization.

Supplies distributed at wholesale by the association during the fiscal years ended on October 31, 1954 and 1955, were as follows:

<u>Commodities</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 30,987	\$ 19,798
Seed.....	8,900	-0-
Fertilizer.....	982,602	1,495,976
Insecticides.....	3,000	-0-
Petroleum products.....	2,243,982	2,420,099
Anti-freeze	6,596	6,309
Tires & tubes	321,125	388,607
Batteries	54,424	48,013
Auto accessories	29,907	34,709
Appliances.....	63,643	55,863
Hardware & building supplies	186,416	201,678
Farm machinery and parts	23,408	20,296
Miscellaneous.....	4,842	3,850
Total.....	3,959,832	4,695,198

The association incurred a net operating loss for fiscal 1954 of \$35,249, but realized a net margin of \$16,415 in 1955. In addition, non-recurring charges totaled \$213,038 in 1954, which represented losses on the refinery and other properties. Such charges in 1955 were nominal, not exceeding \$40,000.

The financial condition of this organization and its subsidiary on October 31, 1954 and 1955, is shown by the following consolidated financial statement:

	<u>1954</u>	<u>1955</u>
Assets:		
Current assets	\$ 774,629	\$ 1,046,864
Fixed assets (net) ¹	386,816	471,190
Other assets ¹	597,670	359,114
Total.....	1,759,115	1,877,168
Liabilities and net worth:		
Current liabilities	862,693	1,006,055
Other liabilities	161,921	103,240
Reserves	--	19,389
Net worth or members and patrons' equities...	734,501	748,484
Total.....	1,759,115	1,877,168

¹ Fixed assets do not include crude oil properties either year. The capital stock of the subsidiary, Cooperative Producing Association, operating these facilities is included in "other assets."

On October 31, 1955, the principal operating facilities of the association were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>
Warehouses	3	\$ 117,000
Fertilizer plant.....	1	461,802
Transports	11	142,058
Other.....		62,237
Sub-total.....		783,097
Less depreciation.....		347,859
Total.....		435,238

In addition to these facilities, the association had \$135,924 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities.

On October 31, 1955, the association had 80 employees. Of these, 35 were engaged in general and administrative activities, 25 in manufacturing and processing operations, and 20 in wholesale distribution including warehousing and transportation.

PART II

SUMMARY OF INFORMATION ON 23 MAJOR REGIONAL FARM SUPPLY COOPERATIVES FOR FISCAL YEARS ENDED IN 1954 AND 1955

This section summarizes the information on the 23 regional cooperatives described in this report. It gives the average age of the associations, area of service, type of retail outlets, number of patrons served, number of employees, fiscal year endings, dollar volume of business, types of supplies handled, distribution of net margins, revolving capital, total cash distributions to patrons, and financial condition of the associations.

Year of Organization

The 23 regional farm supply cooperatives were organized in the following years:

<u>Year</u>	<u>Number of associations organized</u>	<u>Year</u>	<u>Number of associations organized</u>
1914.....	1	1929.....	2
1916.....	1	1930.....	1
1917.....	2	1931.....	2
1918.....	1	1933.....	2
1920.....	1	1934.....	2
1923.....	2	1945.....	2
1926.....	1		
1927.....	2	Total.....	22

Only 5 of these associations were in existence before 1920. By 1930, 13 were operating. Seven were organized in the 1930's, 2 in the 1940's, and 1 in the 1950's. In 1955 the average age of the associations was 27 years.

Area of Service

The 23 cooperatives operated throughout most of the United States. In addition a number of smaller and often specialized regional associations operated in these same areas.

The 23 cooperatives distributed supplies through 8, 139 retail outlets in 1954, and 8, 250 in 1955. The outlets were classified as follows:

<u>Type of retail outlet</u>	<u>1954</u>	<u>1955</u>
Local member cooperatives:		
Not managed or supervised	4, 439	4, 573
Managed or supervised	307	212
Local nonmember cooperatives.....	867	889
Managed cooperative service stores or sub-		
sidiaries, and branches	659	661
Private service agencies or dealer agents.....	1, 426	1, 498
Farmer-representatives or farmer-agents.....	441	417

The "local member cooperatives" included in this classification are independent organizations which hold membership interests in the regional associations. The "non-member cooperatives" are also independent but are only patrons of the regional

cooperatives. The "managed cooperative service stores or subsidiaries, and branches" are under direct management of the regionals. "Private service agencies or dealer agents" are private concerns that perform a distributing service for the regional cooperatives in accordance with mutually agreeable policies. These plans include provisions for passing on to the farmers the patronage refunds distributed by the regionals. Similarly, the "farmer-representatives or farmer-agents" are farmers who serve as distributing agents for the regionals. The association reports in Part I give more detailed information on the character of local service outlets.

Number of Patrons Served

During fiscal 1955, the 23 regional cooperatives served an estimated 3,080,078 farmer-patrons and 259,514 nonfarmer patrons, or a total of 3,339,592 patrons.⁸ Thus 92 percent of the patrons were farmers and 8 percent were nonfarmers.

Number of Employees

At the close of fiscal 1955, the 23 regionals had 19,677 employees. An estimated 22 percent were engaged in general and administrative activities, 33 percent in manufacturing and processing, 15 percent in wholesale distribution including warehousing and transportation, 21 percent in retail distribution, and 9 percent in marketing farm products.

Fiscal Year Endings

Seven of the 23 regional associations closed their fiscal year in the first half of 1955--1 on March 31, 1 on May 31, and 5 on June 30. The dollar volume of farm supplies of these 7 constituted 37 percent of the total for all associations.

Of the remaining 16 regionals, 1 closed its year on July 31, 4 on August 31, 1 each on September 30, October 31, and November 30, and 8 on December 31. Volume of these 16 represented 63 percent of the total for the 23 regionals in 1955.

Dollar Volume of Business⁹

Nineteen of the 23 regionals distributed supplies at wholesale totaling \$763.8 million in fiscal 1955 compared with \$733.2 million in fiscal 1954. (Table 1). The other 4 regionals distributed their supplies primarily at retail and their volume totaled \$160.4 million in 1954 and \$155.1 in 1955.¹⁰

Five of the 19 regionals also reported the volume of supplies handled by retail affiliates and branches--\$188.6 million in 1954 and \$196.1 million in 1955. When this volume was added to that of the four regionals distributing supplies direct to patrons, total retail volume was \$349 million in 1954 and \$351.2 million in 1955.

Combined volume of supplies distributed at wholesale and retail by the 23 regionals was \$1,082.2 million in 1954 and \$1,115 million in 1955.

Combined volume of farm products marketed by 11 regionals was \$188.9 million in 1954 and \$199.5 million in 1955.

Types of Supplies Handled

Tables 2 and 3 show the relative importance of the various supplies handled at wholesale by each of 19 regional cooperatives and those handled primarily at retail by each of 4 regional cooperatives during fiscal 1955. Feed predominated in the dollar volume of 10 associations, petroleum products in 10 associations, fertilizer in 2 associations, and groceries in 1 association. Feed accounted for \$380.4 million of the volume of the 23 associations, petroleum products \$268 million, and fertilizer \$116.6 million.

⁸ On the basis of other studies made by Farmer Cooperative Service, it is believed that this total is considerably higher than the actual number of persons, since many are served by two or more regionals.

⁹ Because of changes in fiscal years, only 8 months' volume in one association and approximately 11 months' in another was represented in 1954.

¹⁰ Eastern States Farmers' Exchange, Inc., Washington Co-operative Farmers Association, Poultry Producers of Central California, and Poultrymens Cooperative Association of Southern California distributed supplies direct to individual patrons primarily at retail.

Table 1.--Dollar volume of farm supplies distributed and farm products marketed by 23 major regional farm supply cooperatives, fiscal years ended 1954 and 1955

Association	Year ending	Supplies distributed at wholesale ¹		Supplies distributed at retail ¹		Farm products marketed	
		1954	1955	1954	1955	1954	1955
Cooperative Grange League Federation Exchange, Inc. (and retail affiliates) Ithaca, N. Y.	June 30	² \$147,662,466	\$147,079,672	\$120,931,453	\$124,766,895	\$ 24,545,771	\$ 23,224,361
Southern States Cooperative, Inc. (and retail affiliates) Richmond, Va.	June 30	91,430,373	91,910,719	46,670,702	48,845,846	7,986,017	10,004,558
Consumers Cooperative Association (and subsidiaries) Kansas City, Mo.	Aug. 31	² 85,579,291	90,552,618	-	-	-	-
Eastern States Farmers' Exchange, Inc. West Springfield, Mass.	Dec. 31	-	-	³ 85,947,776	³ 80,428,260	-	-
Illinois Farm Supply Company (and subsidiaries) Chicago, Ill.	Aug. 31	62,449,765	63,091,482	-	-	-	-
Farmers Union Central Exchange, Inc., St. Paul, Minn.	Dec. 31	55,303,263	62,716,645	-	-	-	-
Indiana Farm Bureau Cooperative Association, Inc. (and subsidiaries) Indianapolis, Ind.	Dec. 31	² 56,720,997	58,129,544	-	-	81,423,447	79,542,045
The Farm Bureau Cooperative Association, Inc. (and subsidiaries) Columbus, Ohio.	Dec. 31	⁴ 41,200,351	⁵ 41,030,264	-	-	20,289,206	25,293,977
Farmers Cooperative Exchange (and retail affiliates) Raleigh, N. C.	June 30	19,663,266	21,442,922	13,408,254	15,255,422	2,425,080	2,520,193
M.F.A. Milling Company, Springfield, Mo.	June 30	36,959,421	36,001,525	-	-	-	-
Washington Co-operative Farmers Association, Seattle, Wash.	Dec. 31	-	-	³ 33,269,998	³ 33,495,543	16,241,053	17,903,481
Midland Cooperatives, Inc., Minneapolis, Minn.	Aug. 31	⁶ 21,837,025	32,115,613	-	-	-	-
Poultry Producers of Central California, San Francisco, Calif.	Dec. 31	-	-	³ 26,952,301	³ 26,675,498	25,013,886	27,453,493
Pennsylvania Farm Bureau Cooperative Association, Harrisburg, Pa.	Dec. 31	23,531,080	22,370,920	-	-	953,070	756,430
Farm Bureau Services Inc. (and branches), Lansing, Mich. .	Aug. 31	12,951,548	13,603,358	6,411,604	6,360,629	1,959,346	2,026,528
Pacific Supply Cooperative, Walla Walla, Wash.	June 30	18,705,581	19,270,287	-	-	² 5,439,235	4,103,713
Iowa Farm Supply Company, Des Moines, Ia.	July 31	⁷ 16,979,722	19,155,110	-	-	-	-
Poultrymen's Cooperative Association of Southern California, Los Angeles, Calif.	Mar. 31	-	-	³ 14,259,392	³ 14,470,074	² 2,616,855	6,690,446
Central Cooperative Wholesale, Superior, Wisc.	Nov. 30	12,208,853	12,677,729	-	-	-	-
Arkansas Farmers Association, North Little Rock, Ark.	May 31	10,944,848	11,371,413	-	-	-	-
Tennessee Farmers Cooperative, La Vergne, Tenn.	Dec. 31	9,021,309	10,069,606	-	-	-	-
Farmers Union State Exchange (and branches) Omaha, Nebr. .	Sept. 30	6,098,904	6,470,915	1,185,349	907,594	-	-
Southern Farm Supply Association (and subsidiary) Amarillo, Tex. ⁸	Oct. 31	² 3,959,832	4,695,198	-	-	-	-
Total.....		733,207,895	763,755,540	349,036,829	351,205,761	188,892,966	199,519,225

¹ Where both wholesale and retail volumes are reported for an association, some duplication exists because the retail volume, to a substantial degree, consists of supplies also included in the wholesale volume.

² Revised by association.

³ Before 1954, volume was included in wholesale distribution.

⁴ Includes \$102,136 of interdivision transactions.

⁵ Includes \$72,365 of interdivision transactions.

⁶ Represents only 8 months because of change in fiscal year.

⁷ Represents 13 months for 2 associations, 11 months for 1, and 7 months for another, all consolidated in 1954.

⁸ Formerly Consumers Cooperatives Associated.

Table 2.--Dollar volume of farm supplies distributed by 23 major regional farm supply purchasing cooperatives, fiscal 1955¹

Association	Feed	Petroleum products	Fertilizer	Seed	Lumber, paint, hardware, maintenance material	Farm machinery and equipment	Tires, tubes, auto accessories	Steel products	Insecticides and fungicides	Electrical equipment, appliances	Groceries	Twine	Coal	Miscellaneous	Total
Cooperative Grange League Federation Exchange, Inc.	90,651	14,999	15,504	8,368	2,497	2,672	1,385	3,027	3,534	1,137	-	1,260	-	2,046	147,06
Southern States Cooperative, Inc.	55,490	6,676	11,880	7,367	2,891	1,600	953	2 4,270	1,481	1,060	-	-	-	243	91,911
Consumers Cooperative Association.....	5,408	65,109	9,411	-	4,937	808	3,074	-	781	425	-	-	-	600	90,553
Eastern States Farmers Exchange, Inc.	62,278	-	8,075	4,309	1,153	-	-	-	2,048	-	-	-	-	2,565	80,473
Illinois Farm Supply Company.....	12,986	34,205	11,712	-	638	1,003	826	942	521	-	-	149	-	109	63,091
Farmers Union Central Exchange, Inc.	3,484	40,522	3,376	663	3,114	2,789	5,631	-	684	501	-	559	-	1,394	62,717
Indiana Farm Bureau Cooperative Association, Inc.	10,098	20,369	12,695	1,894	4,259	2,623	531	2,821	776	479	-	160	-	894	58,130
The Farm Bureau Cooperative Association, Inc.	9,503	14,608	7,310	2,305	2,240	2,883	274	-	582	864	-	-	531	461	41,030
M.F.A. Milling Company.....	34,760	-	-	1,242	-	-	-	-	-	-	-	-	-	-	36,002
Washington Co-operative Farmers Association.....	20,912	8,346	1,531	425	730	-	-	-	-	-	-	-	-	1,552	33,496
Midland Cooperatives, Inc.	2,563	21,653	3,039	953	129	423	1,683	595	201	706	-	-	-	171	32,116
Poultry Producers of Central California.....	23,853	2,012	-	-	-	-	-	-	-	-	-	-	-	810	26,675
Pennsylvania Farm Bureau Cooperative Association.....	7,608	6,857	2,765	1,290	178	1,204	323	752	516	220	-	252	-	406	22,371
Farmers Cooperative Exchange.....	10,620	4 27	4,332	1,932	5 748	1,264	(4)	(5)	732	872	-	-	-	1,315	21,442
Pacific Supply Cooperative.....	664	11,320	3,317	201	1,007	6 1,181	705	-	534	127	-	-	-	14	19,270
Iowa Farm Supply Company.....	-	10,392	6,951	-	-	-	148	-	376	-	-	-	-	1,288	19,155
Poultrymens Cooperative Association of Southern California.....	14,170	-	-	-	-	-	-	-	-	-	-	-	-	300	14,470
Farm Bureau Services, Inc.	4,006	-	5,751	1,390	113	562	-	1,283	393	-	-	-	105	-	13,603
Central Cooperative Wholesale.....	2,426	1,852	240	155	752	35	351	141	24	558	5,225	39	64	716	12,678
Arkansas Farmers Association.....	7,321	589	1,627	527	-	-	-	-	119	-	-	-	-	1,188	11,371
Tennessee Farmers Cooperative.....	1,489	1,265	4,627	1,737	770	-	-	-	-	-	-	-	-	110	10,070
Farmers Union State Exchange.....	7 100	4,593	7 280	1,772	8 97	8 661	226	-	7 100	-	231	7	79	25	6,471
Southern Farm Supply Association.....	20	2,420	1,496	-	201	20	478	-	-	56	-	-	-	4	4,695
Total.....	380,410	268,014	116,591	34,830	24,454	18,728	16,588	13,831	13,402	7,005	5,556	2,426	779	16,211	918,825

¹ Includes volume distributed at wholesale by 19 associations and volume distributed direct to patrons primarily at retail by 4 associations.

² Hardware included in steel products.

³ Includes \$72,365 of interdivision transactions.

⁴ Tires included in petroleum products.

⁵ Steel products included in lumber, paint, hardware, and maintenance material.

⁶ Farm appliances and irrigation supplies included in farm machinery and farm equipment.

⁷ Estimated.

⁸ Hardware included in farm machinery and farm equipment.

⁹ Formerly Consumers Cooperatives Associated.

Table 3.--Percentage of total dollar volume of farm supplies represented by specific groups of items in 23 major regional farm supply cooperatives for fiscal 1955¹

Association	Feed	Petroleum products	Fertilizer	Seed	Lumber, paint, hardware, maintenance material	Farm machinery and equipment	Tires, tubes, auto accessories	Steel products	Insecticides and fungicides	Electrical equipment and appliances	Groceries	Twine	Coal	Miscellaneous	Total
Cooperative Grange League Federation Exchange, Inc.	61.6	10.2	10.5	5.7	1.7	1.8	.9	2.1	2.4	.8	-	.9	-	1.4	100.0
Southern States Cooperative, Inc.	60.4	7.3	12.9	8.0	2 1.0	1.7	1.0	2 4.6	1.6	1.2	-	-	-	.3	100.0
Consumers Cooperative Association.....	6.0	71.9	10.4	-	5.4	.9	3.4	-	.8	.5	-	-	-	.7	100.0
Eastern States' Farmers Exchange, Inc.	77.4	-	10.0	5.4	1.4	-	-	-	2.6	-	-	-	-	3.2	100.0
Illinois Farm Supply Company.....	20.6	54.2	18.6	-	1.0	1.6	1.3	1.5	.8	-	-	.2	-	.2	100.0
Farmers Union Central Exchange, Inc.	5.5	64.6	5.4	1.1	5.0	4.4	9.0	-	1.1	.8	-	-	-	2.2	100.0
Indiana Farm Bureau Cooperative Association, Inc.	17.4	35.1	21.8	3.3	7.3	4.5	.9	4.9	1.3	.8	-	.3	.9	1.5	100.0
The Farm Bureau Cooperative Association, Inc.	23.2	35.6	17.8	5.6	5.5	7.0	.7	-	1.4	2.1	-	-	-	1.1	100.0
M.F.A. Milling Company.....	96.6	-	-	3.4	-	-	-	-	-	-	-	-	-	-	100.0
Washington Co-operative Farmers Association.....	62.4	24.9	4.6	1.3	-	-	-	-	-	-	-	-	-	6.8	100.0
Midland Cooperatives, Inc.	8.0	67.4	9.5	3.0	.4	1.3	5.2	1.9	.6	2.2	-	-	-	.5	100.0
Poultry Producers of Central California.....	89.4	7.6	-	-	-	-	-	-	-	-	-	-	-	3.0	100.0
Pennsylvania Farm Bureau Cooperative Association.....	34.0	30.6	12.4	5.8	.8	5.4	1.4	3.4	2.3	1.0	-	1.1	-	1.8	100.0
Farmers Cooperative Exchange.....	49.5	4.1	23.0	9.0	5 3.5	1.2	(4)	(5)	3.4	4.1	-	-	-	6.2	100.0
Pacific Supply Cooperative.....	3.4	59.8	17.2	1.0	5.2	6.1	3.7	-	2.8	.7	-	-	-	.1	100.0
Iowa Farm Supply Company.....	-	54.2	36.3	-	-	-	.8	-	2.0	-	-	-	-	6.7	100.0
Poultrymens Cooperative Association of Southern California.....	97.9	-	-	-	-	-	-	-	-	-	-	-	-	2.1	100.0
Farm Bureau Services, Inc.	29.5	-	42.3	10.2	.8	4.1	-	9.4	2.9	-	-	-	.8	-	100.0
Central Cooperative Wholesale.....	19.1	14.6	1.9	1.2	5.9	.3	2.8	1.1	.2	4.4	42.0	.3	.5	5.7	100.0
Arkansas Farmers Association.....	64.3	5.2	14.3	4.7	-	-	-	-	1.1	-	-	-	-	10.4	100.0
Tennessee Farmers Cooperative.....	14.8	12.6	46.7	17.2	7.6	-	-	-	-	-	-	-	-	1.1	100.0
Farmers Union State Exchange.....	7 1.5	71.0	7 4.3	7 1.1	8 1.5	8 10.2	3.5	-	7 1.5	-	-	.1	1.2	.5	100.0
Southern Farm Supply Association ⁹4	51.5	31.9	-	4.3	.4	10.2	-	-	1.2	-	-	-	.1	100.0
Total.....	41.4	29.2	12.7	3.8	2.7	2.0	1.8	1.5	1.4	.7	.6	.3	.1	1.8	100.0

¹ Includes volume distributed at wholesale by 19 associations and volume distributed direct to patrons primarily at retail by 4 associations.

² Hardware included in steel products.

³ Includes a small amount of interdivision transactions.

⁴ Tires included in petroleum products.

⁵ Steel products included in lumber, paint, hardware and maintenance material.

⁶ Farm appliances and irrigation supplies included in farm machinery and farm equipment.

⁷ Estimated.

⁸ Hardware included in farm machinery and farm equipment.

⁹ Formerly Consumers Cooperatives Associated.

Table 4. --Supplies distributed by 23 major regional farm supply cooperatives during fiscal 1954 and 1955¹

Commodity group	1954 ²		1955		Percent of increase or decrease
	Amount	Percent of total	Amount	Percent of total	
	<i>1,000 dollars</i>		<i>1,000 dollars</i>		
Feed	401,620	44.9	380,410	41.4	- 5.3
Petroleum products	247,933	27.7	268,014	29.2	+ 8.1
Fertilizer	103,919	11.6	116,591	12.7	+12.2
Seed	30,050	3.4	34,830	3.8	+15.9
Lumber, paint, hardware, and maintenance material	23,263	2.6	24,454	2.7	+ 5.1
Farm machinery and other farm equipment	18,916	2.1	18,728	2.0	- 1.0
Tires, tubes, and auto accessories	13,231	1.5	16,588	1.8	+25.4
Steel products	12,782	1.4	13,831	1.5	+ 8.2
Insecticides and fungicides	12,310	1.4	13,402	1.4	+ 8.9
Electrical equipment and appliances	6,223	.7	7,005	.7	+12.6
Groceries	5,493	.6	5,556	.6	+ 1.1
Twine	2,229	.3	2,426	.3	+ 8.8
Coal	683	.1	779	.1	+14.1
Miscellaneous	14,985	1.7	16,211	1.8	+ 9.2
Total	³ 893,637	100.0	⁴ 918,825	100.0	+ 2.3

¹ Includes the value of supplies distributed at wholesale by 19 regional cooperatives and direct to patrons or primarily at retail by 4 associations.

² Revised.

³ Includes \$102,000 of interdivision transactions not reported by commodity.

⁴ Includes \$72,000 of interdivision transactions not reported by commodity.

Table 4 and figure 1 show combined dollar volume of various groups of supplies distributed at wholesale by 19 associations and primarily at retail by 4 associations during fiscal 1954 and 1955. Total volume distributed in 1955 showed an increase of almost 3 percent over that distributed in 1954.¹¹ Feed, petroleum products, and fertilizer made up 84 percent of the total volume in 1954 and 83 percent in 1955.

Dollar volume of feed handled in 1955 showed a decrease of 5 percent over that handled in 1954. Petroleum products increased 8 percent and fertilizer 12 percent. Farm machinery and farm equipment was the only group other than feed that showed a decrease, and that was only 1 percent. Tires, tubes, and auto accessories showed the largest increase--25 percent--followed by seed with 16 percent, coal with 14 percent, and electrical equipment and appliances with 13 percent.

Distribution of Net Margins

Total net margins available for distribution to patrons of the 23 associations amounted to \$40.6 million for fiscal 1954 and \$44.4 million for 1955, showing an increase of 9 percent. Cash dividends on stock increased from \$4.8 million in 1954 to \$5 million in

¹¹ Because of changes in fiscal years, only 8 months' volume in one association and approximately 11 months' volume in another were represented in 1954.

1955--up 5 percent. Patronage refunds distributed in cash amounted to \$9.9 million in 1954 and \$10.6 in 1955, showing an increase of 7 percent. Patronage refunds deferred in the form of capital stock, certificates of equity, and other equity holdings increased from \$20.4 million in 1954 to \$22.7 million in 1955, or 11 percent. Amounts retained in reserves or surplus increased from \$5.5 million in 1954 to \$6 million in 1955, or 9 percent (table 5 and figure 2).

The amount of capital stock, revolving fund credits, and other equity holdings issued in prior years in payment of patronage refunds which were retired in cash in 1954 and 1955 are shown in the next section of this report.

Information on payment of Federal income taxes is not included in this report.

Table 5. --Distribution of net margins available to patrons of 23 major regional farm supply cooperatives for fiscal 1954 and 1955

Type of distribution	1954 ¹	1955	Percent of increase
Cash dividends on stock or equities ..	\$ 4,781,670	\$ 5,031,244	5.2
Patronage refunds:			
Cash	9,920,253	10,625,602	7.1
Deferred ²	20,401,917	22,667,198	11.1
Retained in reserves or surplus	5,527,454	6,034,055	9.2
Total	40,631,294	44,358,099	9.2

¹ Revised.

² Evidenced by capital stock, certificates of equity, revolving fund credits, and other equity holdings. Cash payments applicable to patronage refunds deferred in prior years under revolving capital programs totaled \$11.2 million in 1954 and \$11.4 million in 1955. Thus net balances equivalent to \$9.2 million of the deferred refunds from 1954 operations and \$11.3 million from 1955 operations were retained in the associations.

Revolving of Capital

Fifteen associations reported cash retirements of stock or other equities originally issued in payment of patronage refunds for prior years under revolving capital programs. Such cash retirements totaled \$11.2 million in 1954 and \$11.4 million in 1955. A total of 18 associations are using the revolving capital plan of financing. Information from 16 indicated that in 1955 five associations were revolving their capital within a 5-year period; six within a 6- to 8-year period; and five within 10 to 14 years.

Total Cash Distributions to Patrons

When cash retirements of revolving capital were added to cash payment of dividends on stock and patronage refunds on the current fiscal year's operations, total cash distributed to patrons amounted to \$25.9 million in 1954 and \$26.7 million in 1955 (table 6 and figure 3). These amounts were equivalent to approximately 64 percent and 60 percent, respectively, of the total net margins available to patrons for the 2 years.

Figure 1

Principal Farm Supplies Handled by 23 Regional Cooperatives, 1954 and 1955

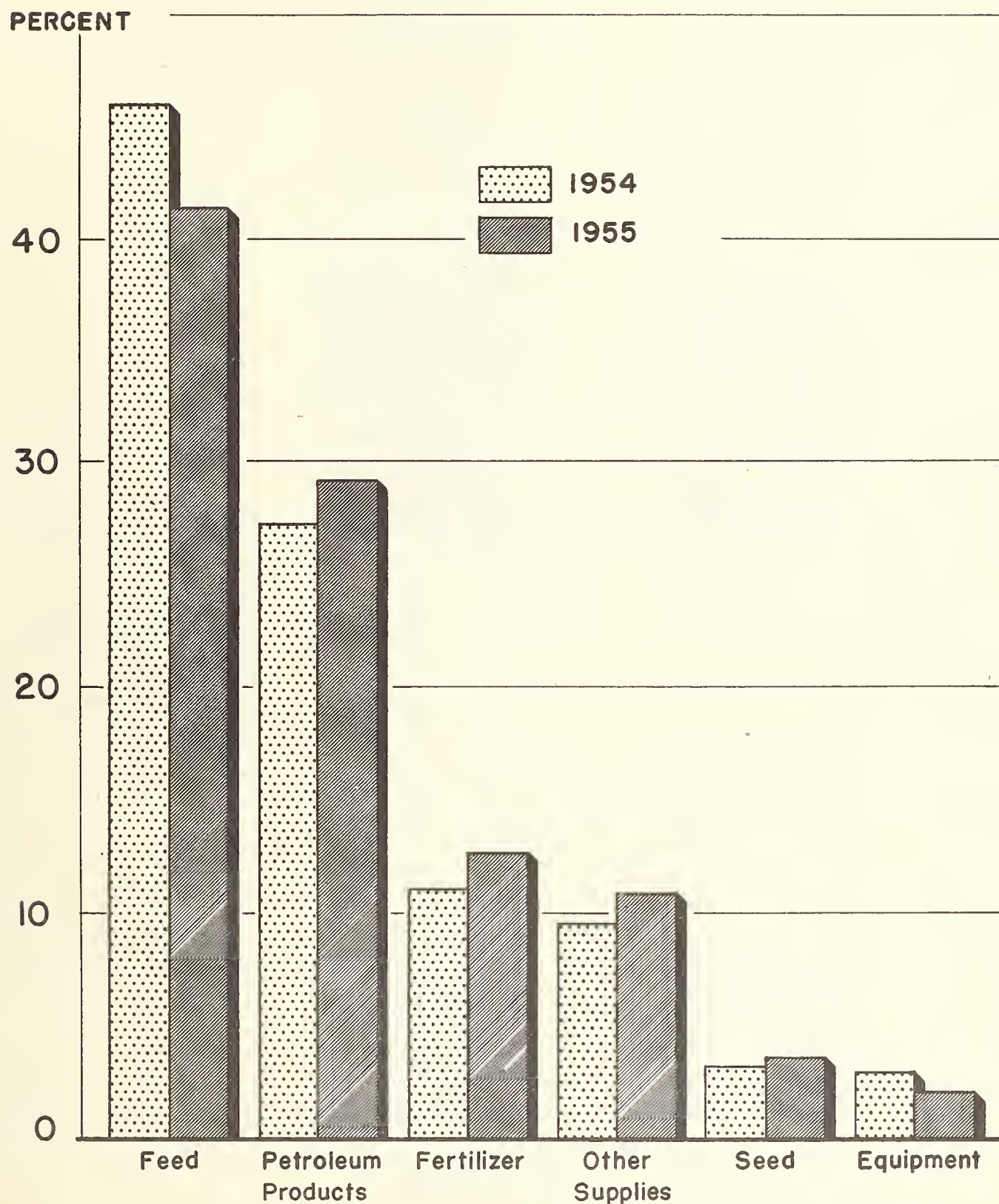
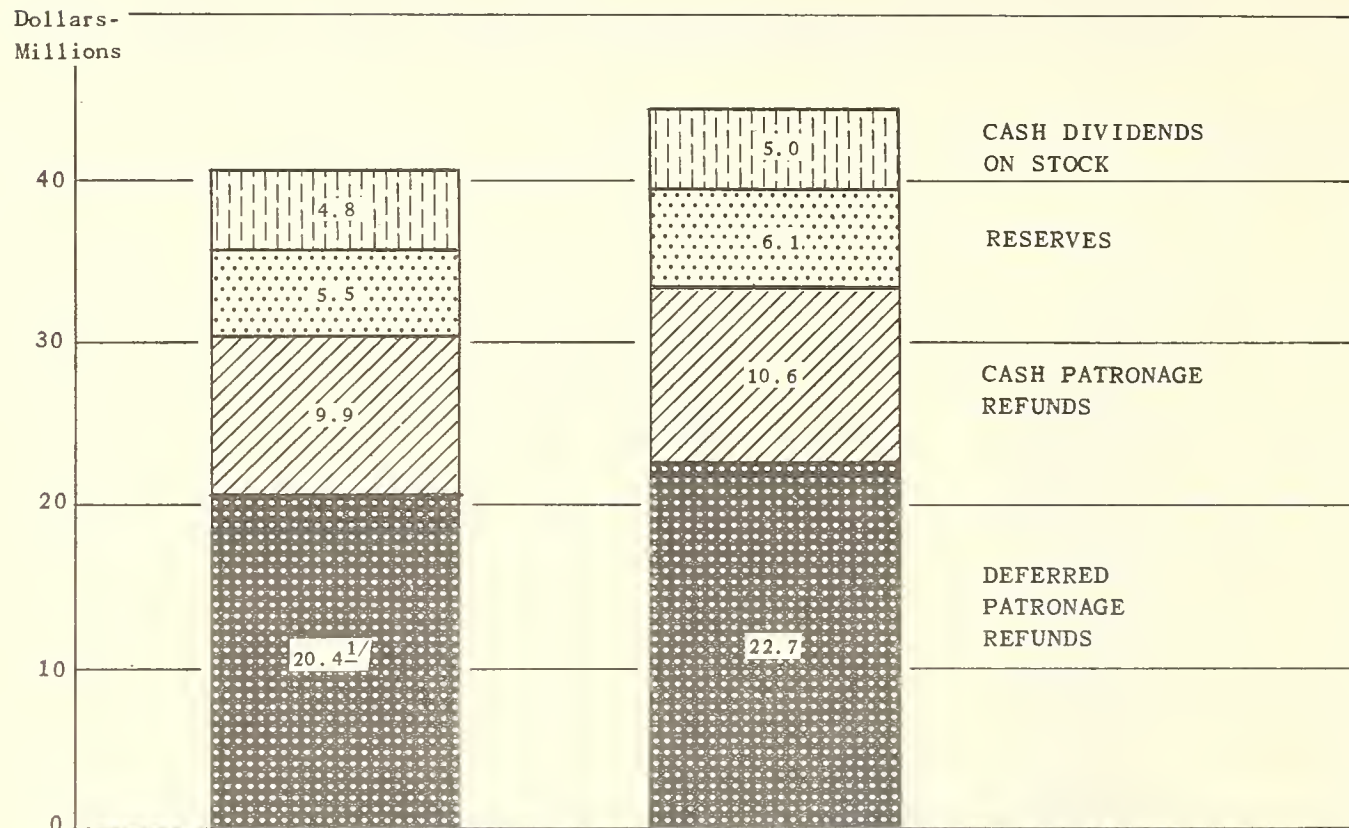
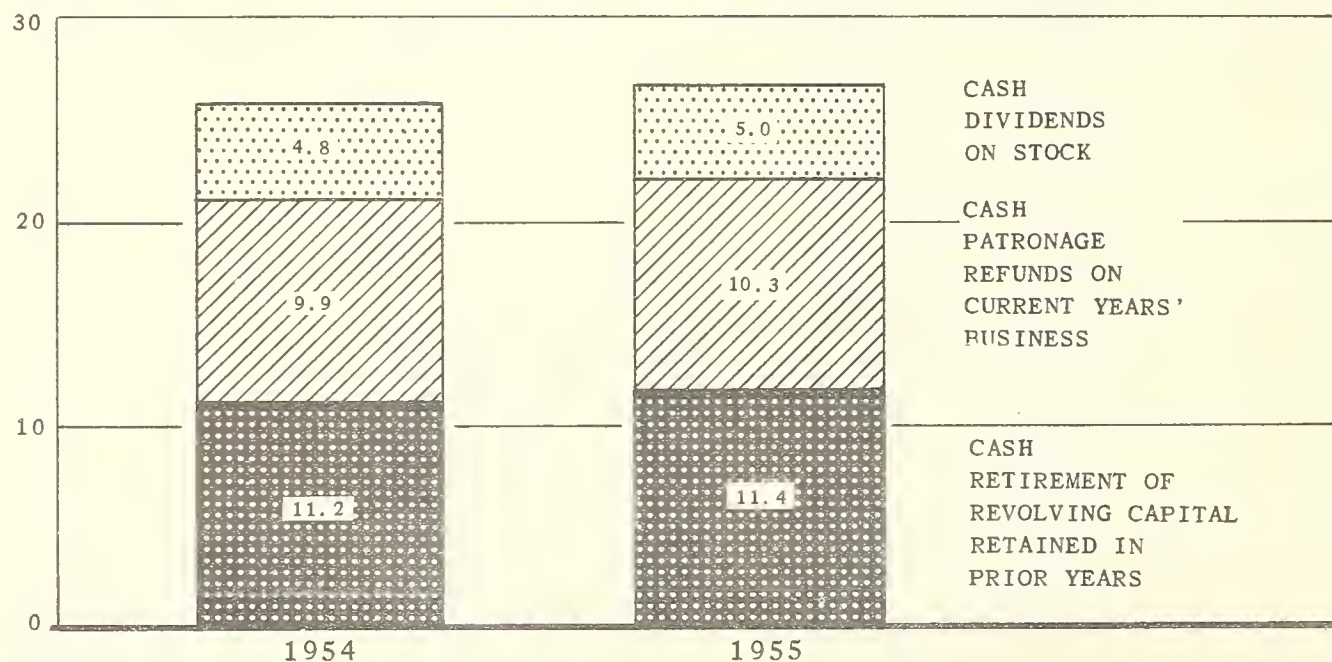


FIGURE 2
DISTRIBUTION OF NET MARGINS AVAILABLE TO PATRONS OF 23 REGIONALS^{1/}
FOR FISCAL 1954 AND 1955



^{1/} A TOTAL OF 11.2 MILLION DEFERRED IN PRIOR YEARS WAS RETIRED IN CASH IN 1954 AND 11.4 MILLION WAS RETIRED IN 1955.

FIGURE 3
TOTAL CASH DISTRIBUTED TO PATRONS OF 23 REGIONALS IN 1954 AND 1955^{1/}



^{1/} TOTAL CASH WAS EQUIVALENT TO 63.8% OF NET MARGINS IN 1954 AND TO 60.1% OF NET MARGINS IN 1955

Table 6. --Total cash distributions to patrons by 23 major regional farm supply cooperatives in fiscal 1954 and 1955

Type of cash distribution	1954 ¹	1955
On current year's operations:		
Cash dividends on stock and interest on other equities	\$ 4,781,670	\$ 5,031,244
Cash patronage refunds.....	9,920,253	10,265,602
Under revolving capital programs:.....		
Cash payment or retirement of deferred re-funds, capital stock and other equities	11,175,417	11,405,858
Total.....	25,877,340	26,702,704

¹ Revised.

Financial Condition

The financial condition of the 23 farm supply cooperatives at the close of fiscal 1954 and 1955 is shown in table 7 and on the cover page. Current assets remained about the same. Net value of fixed assets increased \$10 million, or nearly 6 percent. Other assets increased \$5 1/2 million, or 7 percent. The latter consisted mainly of investments in federations of regional associations which owned wholesaling and manufacturing facilities.

Both current liabilities and other liabilities decreased in 1955--4 and 1 percent, respectively. The associations had \$2.71 of current assets for every dollar of current liabilities in 1955 compared with \$2.81 in 1954.

Members' equities represented 65 percent of total assets in 1954 and 67 percent in 1955, an increase of 6 percent.

Table 7. --Consolidated financial statement of 23 major regional farm supply cooperatives at the close of fiscal 1954 and 1955

Item	1954 ¹		1955		Percent increase or decrease
	Amount	Percent of total	Amount	Percent of total	
Assets:					
Current assets	\$236,616,511	48.5	\$236,699,698	47.0	(²)
Fixed assets (net).....	175,856,535	36.0	185,915,681	36.9	+ 5.7
Other assets	75,493,973	15.5	80,989,340	16.1	+ 7.3
Total.....	487,967,019	100.0	503,604,719	100.0	+ 3.2
Liabilities and members' equities:					
Current liabilities	87,371,714	17.9	84,228,224	16.7	- 3.6
Other liabilities	84,694,070	17.4	83,496,397	16.6	- 1.4
Members' equities.....	315,901,235	64.7	335,880,098	66.7	+ 6.3
Total.....	487,967,019	100.0	503,604,719	100.0	+ 3.2

¹ Revised.

² Less than .05 percent increase.

APPENDIX

VALUE OF FARM SUPPLIES DISTRIBUTED BY THREE MAJOR REGIONAL MARKETING COOPERATIVES FOR FISCAL 1954 AND 1955

The three regional marketing cooperatives included in this handbook which distributed more than \$5 million of farm supplies each in 1955 are Land O'Lakes Creameries, Inc., Minneapolis, Minn., The Cotton Producers Association, Atlanta, Ga., and Utah Poultry and Farmers Cooperative, Salt Lake City. Land O'Lakes Creameries, Inc., and The Cotton Producers Association are of the federated type and distribute farm supplies wholesale to local member associations. Utah Poultry and Farmers Cooperative is a centralized organization that distributes supplies direct to farmers through local branches.

Land O'Lakes Creameries, Inc.

Value of farm supplies distributed to members by the Land O'Lakes Creameries, Inc., for the years ended December 31, 1954 and 1955, was as follows:

<u>Commodity</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 10,162,985	\$ 10,107,080
Fertilizer.....	2,687,068	2,428,205
Seed.....	950,304	1,107,686
Baby chicks	576,506	580,453
Equipment (plant, dairy, poultry, and other).....	5,987,879	6,565,476
Total	20,364,742	20,788,900

The Cotton Producers Association

The Cotton Producers Association serves farmers in Georgia, practically all of Florida, and part of Alabama through member associations and dealer representatives. Fertilizer, feed, seed, and other farm supplies were distributed to members during fiscal years ended June 30, 1954 and 1955 as follows:

<u>Commodity</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 6,633,036	\$ 7,007,667
Fertilizer.....	3,190,813	3,267,517
Seed.....	836,225	939,973
Other farm supplies and equipment	1,518,672	1,569,998
Total	12,178,746	12,785,155

Net margins on these supply operations amounted to \$595,855 in 1954 and \$870,002 in 1955.

Utah Poultry and Farmers Cooperative

Value of feed and other farm supplies distributed by Utah Poultry and Farmers Cooperative during the years ended December 31, 1954 and 1955, was as follows:

<u>Commodity</u>	<u>1954</u>	<u>1955</u>
Feed	\$ 6,704,934	\$ 6,192,295
Fertilizer.....	244,373	260,708
Seed.....	207,800	127,620
Other farm supplies and equipment	901,365	988,753
Total	8,058,472	7,569,376

Net margins on these operations amounted to \$246,170 in 1954 and \$236,731 in 1955.

Combined Dollar Value

Total dollar volume of farm supplies distributed by the three marketing associations amounted to \$40,601,960 in 1954 and \$41,143,431 in 1955--an increase of 1.3 percent.

Feed was the principal supply item handled. In 1954, it represented 57.9 percent of the total dollar volume of all supplies distributed--and 56.6 percent in 1955. The total dollar volume was \$23,500,955 in 1954 and \$23,307,042 in 1955, a decrease of 0.8 percent. Fertilizer represented 15.1 percent of total supply volume in 1954 and 14.5 percent in 1955, a decrease of 2.7 percent. Seed represented 4.9 percent of total dollar volume of supplies in 1954 and 5.3 percent in 1955, an increase of 9.1 percent.

Dollar volume of all other supplies represented 22.1 percent of total supplies distributed in 1954 and 23.6 percent in 1955, an increase of 8 percent.



